Supplemental Reporting Document Table of Contents May 2011 Investment Committee Meeting (March 2011 Reporting Period)

Quarterly Reports

Real Estate Inflation Linked Asset Class

CalPERS

California Public Employees' Retirement System Investment Office

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Supplemental Item

May 16, 2011

TO: MEMBERS OF THE INVESTMENT COMMITTEE

I. SUBJECT: Real Estate Quarterly Performance Report

as of December 31, 2010

II. PROGRAM: Real Estate

III. RECOMMENDATION: Information

IV. ANALYSIS:

The enclosed Real Estate Quarterly Performance Report for the quarter ending December 31, 2010 has been prepared by staff from the Performance Monitoring Unit with assistance from CalPERS' Real Estate Unit and Pension Consulting Alliance (PCA). The one-year total returns (as of December 31, 2010) for the Real Estate Portfolio were 4.1% before fees & 2.5% after fees. The since inception return of the Real Estate Portfolio was 6.8% after fees, with the income component generating 5.7% and the appreciation component generating 1.1%.

V. STRATEGIC PLAN:

Goal VIII: Manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first, to pay benefits and second, to minimize and stabilize contributions.

VI. RESULTS/COSTS:

The data in the report has been gathered from sources the Performance Monitoring Unit believes to be reliable. This item provides information to the Investment Committee on the assets and performance of the fund.

ALEJO GUTIERREZ Investment Officer Performance Monitoring Unit

ALOK JAIN Investment Officer Performance Monitoring Unit

JON ROWLETTE
Investment Officer
Performance Monitoring Unit

PHIL HENDERSON Investment Officer Performance Monitoring Unit

MATTHEW FLYNN
Division Chief
Operations, Performance & Technology

JANINE GUILLOT Chief Operating Investment Officer

JOSEPH A. DEAR Chief Investment Officer



Quarterly Performance Report



Real Estate Portfolio Quarterly Performance Report

Quarter Ending December 31, 2010

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Performance Monitoring Unit Review Disclosure

CalPERS Performance Monitoring Unit compiles this Quarterly Performance Report (QPR) using financial information provided by real estate investment partners. CalPERS requires its investment partners to prepare and submit financial statements quarterly and to provide audited financial statements annually. CalPERS relies on the auditor's opinion regarding the financial statements. The QPR is updated to reflect the most current financial information provided by the real estate investment partner.

The financial information for real estate program performance lags one-quarter due to industry reporting cycles. Each real estate investment partner supplies its quarterly financial statements to CalPERS Performance Monitoring Unit (PMU), for the prior quarter. The PMU reviews the financial statements and performs analytical procedures to ensure the financial reports, prepared by the partners, are consistent with prior periods and comparable with other similarly situated CalPERS real estate investment partners. The financial data in the QPR is reviewed consistent with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

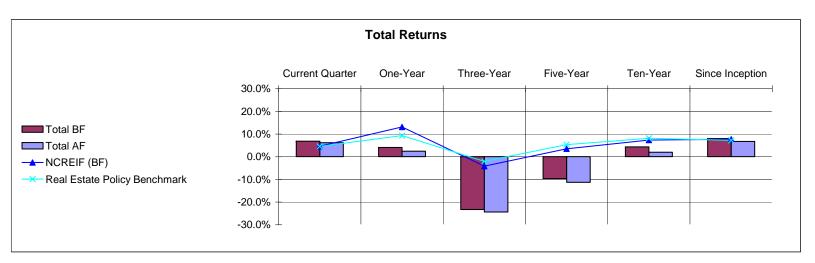
Pension Consulting Alliance, Inc. (PCA) (the Board's Consultant for Real Estate), provides oversight services to PMU for the performance reporting process, and assists PMU in verifying that the investment partners' financial statement information is properly utilized to calculate the time-weighted returns and internal rates of return presented in the QPR. PCA reviews and provides comments on the QPR in final form prior to its submission to the Investment Committee. In addition, PCA reviews the real estate performance returns and asset values that are provided to State Street Bank (CalPERS master custodian) for reporting the Total Fund's performance.

Performance Monitoring Unit Review Disclosure

As required by the Board's Policy for the Appraisal of CalPERS Real Estate Interests, ownership interests held in separate accounts or identified to be appraised are appraised annually. Independent real estate appraisal firms provide an unbiased and neutral opinion of asset value. All appraisals are completed in compliance with NCREIF's Real Estate Investment Standards and the Appraisal Institute's Uniform Standards of Professional Appraisal Practice.

Total Real Estate Portfolio (as of December 31, 2010)

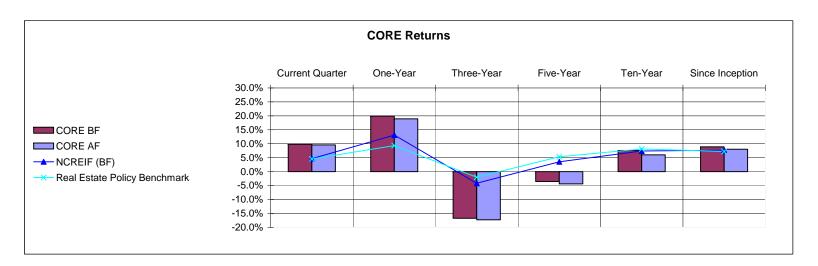
Net Assets at Fair Market Value	\$17,703,568,862					
	_					
	Current Quarter	One-Year	Three-Year	Five-Year	Ten-Year	Since Inception
Nominal Returns, Before Fees						
Income	0.6%	3.1%	-0.5%	-0.2%	3.9%	6.6%
Appreciation	6.3%	1.0%	-22.8%	-9.5%	0.5%	1.5%
<u>ଢ</u> Total	6.8%	4.1%	-23.3%	-9.7%	4.3%	8.0%
Nominal Returns, After Fees						
Income	0.3%	1.9%	-1.8%	-1.6%	2.5%	5.7%
Appreciation	5.9%	0.6%	-22.5%	-9.7%	-0.5%	1.1%
Total	6.2%	2.5%	-24.3%	-11.3%	2.0%	6.8%
NCREIF Benchmark (Before Fee)	4.6%	13.1%	-4.2%	3.5%	7.4%	7.7%
NCREIF Benchmark Income Return	1.6%	6.8%	6.0%	6.0%	6.9%	7.6%
NCREIF Benchmark Appreciation Return	3.0%	6.1%	-9.8%	-2.4%	0.5%	0.1%
NAREIT Benchmark	6.2%	20.4%	-4.5%	2.9%	9.8%	N/A
Real Estate Policy Benchmark	4.6%	9.3%	-2.0%	5.3%	8.1%	7.2%
Difference Between Actual Real Estate and Real Estate						
Policy Returns (Before Fee)	2.3%	-5.2%	-21.3%	-15.0%	-3.8%	0.8%



^{*}percentage totals may not foot due to rounding

Core Real Estate Portfolio (as of December 31, 2010)

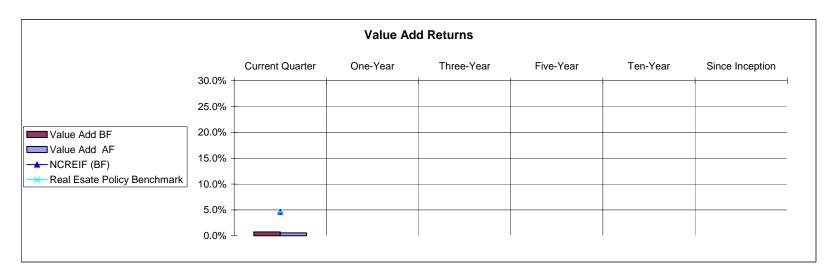
Net Assets at Fair Market Value	\$7,511,212,970					
	Current Quarter	One-Year	Three-Year	Five-Year	Ten-Year	Since Inception
Nominal Returns, Before Fees						
Income	1.2%	5.2%	3.7%	3.3%	5.1%	7.2%
Appreciation	8.6%	14.7%	-20.4%	-6.8%	2.5%	1.7%
Total	9.8%	19.9%	-16.8%	-3.5%	7.6%	8.9%
Nominal Returns, After Fees						
Income	1.1%	4.5%	3.1%	2.7%	4.5%	6.7%
Appreciation	8.5%	14.4%	-20.3%	-7.1%	1.5%	1.3%
Total	9.6%	18.9%	-17.3%	-4.4%	6.0%	8.0%
NCREIF Benchmark (Before Fee)	4.6%	13.1%	-4.2%	3.5%	7.4%	7.7%
NCREIF Benchmark Income Return	1.6%	6.8%	6.0%	6.0%	6.9%	7.6%
NCREIF Benchmark Appreciation Return	3.0%	6.1%	-9.8%	-2.4%	0.5%	0.1%
Real Estate Policy Benchmark	4.6%	9.3%	-2.0%	5.3%	8.1%	7.2%
Difference Between Actual Real Estate and Real Estate						
Policy Returns (Before Fee)	5.2%	10.6%	-14.7%	-8.9%	-0.5%	1.7%



^{*}percentages may not foot due to rounding

Value Added Real Estate Portfolio (as of December 31, 2010)

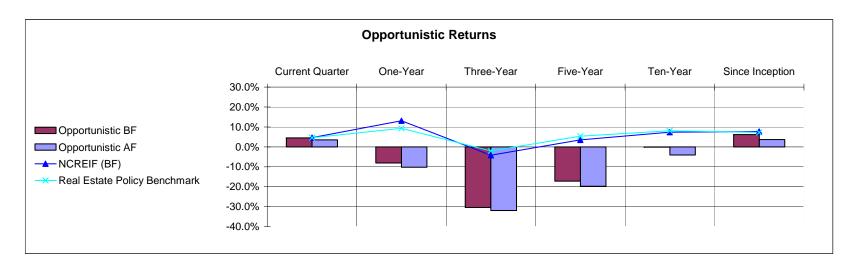
Net Assets at Fair Market Value	\$1,374,866,833					
	Current Quarter	One-Year	Three-Year	Five-Year	Ten-Year	Since Inception
Nominal Returns, Before Fees						
Income	0.7%	N/AP	N/AP	N/AP	N/AP	N/AP
Appreciation	0.0%	N/AP	N/AP	N/AP	N/AP	N/AP
Total	0.7%	N/AP	N/AP	N/AP	N/AP	N/AP
9 Nominal Returns, After Fees						
Income	0.5%	N/AP	N/AP	N/AP	N/AP	N/AP
Appreciation	0.0%	N/AP	N/AP	N/AP	N/AP	N/AP
Total	0.5%	N/AP	N/AP	N/AP	N/AP	N/AP
NCREIF Benchmark (Before Fee)	4.6%	N/AP	N/AP	N/AP	N/AP	N/AP
Real Estate Policy Benchmark	4.6%	N/AP	N/AP	N/AP	N/AP	N/AP
Ti.						
Difference Between Actual Real Estate and Real Estate						
Policy Returns (Before Fee)	-3.8%	N/AP	N/AP	N/AP	N/AP	N/AP



^{*}percentages may not foot due to rounding

Opportunistic Real Estate Portfolio (as of December 31, 2010)

Net Assets at Fair Market Value	\$8,817,489,060					
	Current Quarter	One-Year	Three-Year	Five-Year	Ten-Year	Since Inception
Nominal Returns, Before Fees						
Income	-0.1%	1.3%	-5.7%	-4.9%	2.9%	4.0%
Appreciation	4.6%	-9.3%	-24.7%	-12.3%	-3.1%	2.2%
Total	4.5%	-8.1%	-30.4%	-17.2%	-0.2%	6.2%
Nominal Returns, After Fees						
Income	-0.4%	-0.4%	-7.7%	-7.4%	-0.5%	2.0%
Appreciation	3.9%	-9.8%	-24.3%	-12.4%	-3.6%	1.7%
Total	3.5%	-10.2%	-31.9%	-19.7%	-4.1%	3.7%
NCREIF Benchmark (Before Fee)	4.6%	13.1%	-4.2%	3.5%	7.4%	7.7%
Real Estate Policy Benchmark	4.6%	9.3%	-2.0%	5.3%	8.1%	7.2%
Difference Between Actual Real Estate and Real Estate						
Policy Returns (Before Fee)	-0.1%	-17.4%	-28.4%	-22.6%	-8.3%	-1.1%



^{*}percentages may not foot due to rounding

Real Estate Portfolio Performance Summary (REU)

Total Portfolio Performance — The one-year (as of December 31, 2010) total return for the Total Real Estate Portfolio was 4.1% before fees and 2.5% after fees. The nominal after fee total return (since inception) for the Total Real Estate Portfolio was 6.8% as of December 31, 2010, with the income component generating a 5.7% return and the appreciation component generating a 1.1% return.

Core Portfolio Performance — The one-year (as of December 31, 2010) total return for the Core Portfolio was 19.9% before fees and 18.9% after fees. The nominal after fee total return (since inception) for the Core Portfolio was 8.0% as of as of December 31, 2010, with the income component generating a 6.7% return and the appreciation component generating a 1.3% return.

Value Add Portfolio Performance — The quarterly (as of December 31, 2010) total return for the Value Add Portfolio was 0.7% before fees and 0.5% after fees.

Opportunistic Portfolio Performance — The one-year (as of December 31, 2010) total return for the Opportunistic Portfolio was -8.1% before fees and -10.2% after fees. The nominal after fee total return (since inception) for the Opportunistic Portfolio was 3.7% as of December 31, 2010, with the income component generating a 2.0% return and the appreciation component generating a 1.7% return.

Real Estate Continuity Schedule

Investment Strategy	Fund Sector	(+) BNAV	(+) Contribution	(-) Distribution	(+) Income	(+) Unrealized Appreciation	(+) Realized Appreciation	(-) Fees	Other Credits (-)	(=) ENAV
Core		\$8,062,972,219	\$2,241,633,642	\$3,532,294,225	\$93,026,678	\$742,544,745	(\$79,393,888)	\$17,328,416	(\$52,213)	\$7,511,212,970
Value Added		\$0	\$1,374,388,351	\$2,000,000	\$3,394,141	\$790,470	(\$745,833)	\$960,297	\$0	\$1,374,866,833
Opportunistic		\$8,438,301,724	\$647,305,855	\$580,943,384	(\$4,152,659)	\$214,855,234	\$175,271,873	\$88,363,900	(\$15,214,318)	\$8,817,489,060
Total Portfolio		\$16,501,273,943	\$4,263,327,849	\$4,115,237,609	\$92,268,160	\$958,190,450	\$95,132,152	\$106,652,613	(\$15,266,531)	\$17,703,568,862

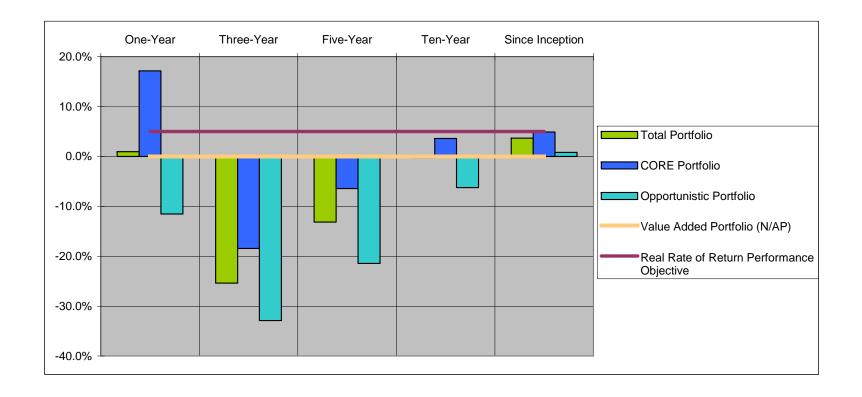
Real Estate Portfolio Performance Summary (REU)

Comparison to Benchmark — The Core Portfolio outperformed the Real Estate Policy Benchmark for the current quarter, one-year, and since inception periods. In addition, the Total Real Estate Portfolio outperformed the Real Estate Policy Benchmark for the current quarter and since inception periods. It should be noted that although the Real Estate Policy Benchmark is more directly comparable to the Core Portfolio, the policy benchmark is used for the Value Added and Opportunistic Portfolios as well.

Comparison to Real Rate of Return Benchmark — The Core Portfolio exceeded the 5% real rate of return benchmark for the one-year period. Policy dictates that CalPERS after fee real rate of return should reach 5% for the Core Portfolio and exceed 5% for the Value Added and Opportunistic Portfolios. All real rates of returns are shown on the chart Real Estate Policy Performance Objective Real Rate of Return (RRR) After Fee (Refer to Appendix for CPI index and Real Rate of Return calculation.)

Real Estate Policy Performance Objective Real Rate of Return (RRR) After Fees (as of December 31, 2010)

	One-Year	Three-Year	Five-Year	Ten-Year	Since Inception
CalPERS' Total	1.0%	-25.4%	-13.2%	-0.3%	3.7%
CalPERS' Core	17.2%	-18.5%	-6.4%	3.6%	4.9%
CalPERS' Value Added	N/AP	N/AP	N/AP	N/AP	N/AP
CalPERS' Opportunistic	-11.5%	-32.9%	-21.5%	-6.2%	0.8%
Real Rate of Return Performance Objective	5.0%	5.0%	5.0%	5.0%	5.0%



Section II Significant Events/ **Material Exceptions to Policy**

Significant Events (As Reported by The Real Estate Unit)

Significant Events

Third Quarter Total Portfolio Results:

As of December 31, 2010, the real estate portfolio produced after-fee returns of 6.2% over the trailing quarter and 2.5% over the trailing one-year. The CalPERS Total Real Estate Portfolio's Net Asset Value (NAV) as of December 31, 2010, is \$17.7 billion. This represents a \$1.2 billion, or 7.3%, increase from the previous quarter and a \$3.0 billion, or 20.3%, increase from the previous year. The increase in NAV during the quarter and one year periods were attributed to net contributions and appreciation.

The total real estate portfolio outperformed on a before fee basis the real estate policy benchmark for the current quarter and the since inception period ending December 31, 2010, primarily due to realized and unrealized appreciation in both the Core and Opportunistic Portfolio's. The underperformance relative to the one, three, five and ten year periods is primarily attributed to high levels of leverage, greater proportion of non-stabilized and non-income producing assets, and high vintage year concentration.

Core

- The CalPERS Core Real Estate portfolio, which includes both stabilized and non-stabilized assets, outperformed on a before fee basis the CalPERS private market component of the real estate policy benchmark (NCREIF Property Index) for the quarter, one year and since inception periods. The current quarter performance, which was partially offset by negative returns in the industrial portfolio, was primarily attributed to unrealized appreciation in the retail sector. The one year performance was attributed to unrealized appreciation in the apartment, retail and office sectors of the core portfolio.
- The CalPERS REIT portfolio met the CalPERS public market component of the real estate policy benchmark, FTSE EPRA NAREIT Global Developed, for the quarter ending December 31, 2010. However, the CalPERS REIT portfolio underperformed its benchmark for the one year period ending December 31, 2010, primarily due to the portfolio's overweighting in Asia.

Significant Events (As Reported by The Real Estate Unit)

Value Added

The Value Added Portfolio on a before fee basis underperformed the CalPERS
private market component of the real estate policy benchmark (NCREIF Property
Index plus 200 basis points), for the quarter ending December 31, 2010, primarily
due to being comprised of predominately non-stabilized and non-income producing
assets.

Significant Events (As Reported by The Real Estate Unit)

Opportunistic

- The Urban Portfolio on a before fee basis underperformed the CalPERS private
 market component of the real estate policy benchmark (NCREIF Property Index plus
 200 basis points), for the quarter ending December 31, 2010, and on a one year
 basis primarily due to being comprised of predominately non-stabilized and nonincome producing assets with high levels of leverage.
- The Housing Program on a before fee basis underperformed the CalPERS private
 market component of the real estate policy benchmark (NCREIF Property Index plus
 200 basis points), for the quarter ending December 31, 2010, and on a one year
 basis primarily due to challenges in the housing market.
- The Opportunistic Tactical Portfolio on a before fee basis outperformed the CalPERS private market component of the real estate policy benchmark (NCREIF Property Index plus 200 basis points), for the quarter ending December 31, 2010, primarily due to realized and unrealized appreciation. However, the Tactical Portfolio underperformed its benchmark for the one year period ending December 31, 2010, primarily driven by non-stabilized and non-income producing assets with high levels of leverage.

Material Exceptions to Policy

The Investment Committee approved the Real Estate Policy effective June 15, 2009. The policy includes limits that have been reduced in a number of key areas. As a result of the reduced limits and market conditions that have resulted in market value declines, the portfolio is out-of-compliance with the policy in the areas listed below. The Real Estate Unit estimates the portfolio to be in full compliance with policy no later than December 2013.

- CalPERS' Opportunistic asset exposure was approximately 40.1% as of December 31, 2010, or 0.1 percentage point above the policy range of 10.0% to 40.0%. The amount above the policy range decreased over the last quarter from 40.3% to 40.1%; over the last calendar year from 43.0% to 40.1%.
- CalPERS' Other property type exposure was approximately 15.1% as of
 December 31, 2010, or 5.1 percentage points above the policy limit of 10.0%.
 The variance is attributed to Other property type exposure being comprised
 largely of Mixed-Use properties at 6.4% of the total portfolio. Staff is evaluating
 options for classification of mixed-use properties. The amount above the policy
 range decreased over the last quarter from 15.5% to 15.1%; over the last
 calendar year from 15.3% to 15.1%.

Material Exceptions to Policy (As Reported by The Real Estate Unit)

Material Exceptions to Policy (cont.)

• CalPERS' Recourse Debt Allocated was approximately 11.0% as of December 31, 2010, or 1.0 percentage point above the policy limit of 10.0%. The exposure percentage decreased over the last quarter from 14.2% to 11.0%; over the last calendar year from 26.3% to 11.0%. In absolute dollar amounts the recourse debt allocated was approximately \$1.94 billion as of December 31, 2010, or \$0.17 billion above the policy limit of \$1.77 billion. The allocated amount decreased over the last quarter from \$2.34 billion; over the last calendar year from \$3.86 billion to \$1.94 billion. Recourse Debt Allocated is defined in policy as the total amount of debt allocated which may or may not be drawn or utilized to date. The amount of recourse debt drawn or utilized as of December 31, 2010 was approximately 6.2% or \$1.10 billion.





Total Real Estate Portfolio Performance Detail by Subportfolio and Sector For the Period Ending December 31, 2010

	Perform	ance Detail by	Subportfolio	and Secto	or (Before	Fees)			
	Net Ass	sets at Fair Mar	ket Value		Total N	ominal Ret	urns Befor	e Fees	
	Inception Date	Amount	% of Portfolio	Qtr	1-Yr	3-Yr	5-Yr	10-Yr	Since Inception
Apartment	Mar-86	\$ 1,622,887,678	9.2%	1.1%	29.1%	-20.9%	-6.0%	6.2%	7.8%
Industrial	Apr-82	823,675,253	4.7%	-1.7%	-6.1%	-24.1%	-8.7%	3.8%	8.4%
✓ Office	Apr-82	1,212,938,249	6.9%	5.1%	28.4%	-17.8%	-1.2%	6.8%	8.2%
Retail	Apr-82	2,622,545,381	14.8%	31.5%	41.8%	-4.4%	7.4%	16.8%	11.8%
Core REIT Composite	Jul-02	1,229,166,409	6.9%	6.2%	19.2%	-5.6%	2.2%	N/AP	9.3%
Total Core	Apr-82	\$7,511,212,970	42.4%	9.8%	19.9%	-16.8%	-3.5%	7.6%	8.9%
Value Added		\$1,374,866,833	7.8%	0.7%	N/AP	N/AP	N/AP	N/AP	N/AP
Total Value Added		\$1,374,866,833	7.8%	0.7%	N/AP	N/AP	N/AP	N/AP	N/AP
Emerging Markets Housing		\$0		N/AP	N/AP	N/AP	N/AP	N/AP	N/AP
Housing	Jun-92	1,517,703,819	8.6%	-1.9%	-26.9%	-127.3%	-141.1%	-172.4%	-191.4%
Opportunistic - Tactical	Oct-87	5,492,321,429		6.8%	11.7%	-11.4%	0.3%	7.8%	9.1%
Urban	Feb-97	1,807,463,811	10.2%	3.6%	-32.7%	-36.6%	-18.8%	2.3%	4.9%
Total Opportunistic	Dec-84	\$8,817,489,060		4.5%	-8.1%	-30.4%	-17.2%	-0.2%	6.2%
Total Portfolio		\$17,703,568,862	92.2%	6.8%	4.1%	-23.3%	-9.7%	4.3%	8.0%
Real Estate Policy Benchmark				4.6%	9.3%	-2.0%	5.3%	8.1%	7.2%

¹ Core Industrial returns are lower relative to other Core Sector returns due to the underperformance of Centerpoint/Solstice, which was in the Core Strategy through 11/30/2010. As of 12/1/2010, Centerpoint/Solstice was transferred to the Value-Added Strategy.

Total Real Estate Portfolio Performance Detail by Subportfolio and Sector For the Period Ending December 31, 2010

	- Felloi	mance Detail by		and Section	Aitei Fe				
	Net Ass	ets at Fair Marke	t Value		Total	Nominal R	eturns Aft	er Fees	
	Inception Date	Amount	% of Portfolio	Qtr	1-Yr	3-Yr	5-Yr	10-Yr	Since Inceptio
Apartment	Mar-86 9	5 1,622,887,678	9.2%	1.0%	28.2%	-21.4%	-7.4%	4.0%	6.6%
Industrial	Apr-82	823,675,253	4.7%	-1.8%	-6.9%	-24.6%	-9.9%	2.2%	7.5%
Office	Apr-82	1.212.938.249	6.9%	4.3%	26.1%	-18.8%	-2.8%	4.2%	7.0%
Retail	Apr-82	2,622,545,381	14.8%	31.4%	40.9%	-5.1%	6.7%	15.4%	10.9%
Core REIT Composite	Jul-02	1,229,166,409	6.9%	6.2%	19.1%	-5.8%	2.1%	N/AP	9.2%
Total Core	Apr-82	\$7,511,212,970	42.4%	9.6%	18.9%	-17.3%	-4.4%	6.0%	8.0%
Value Added		\$1,374,866,833	7.8%	0.5%	N/AP	N/AP	N/AP	N/AP	N/AP
Total Value Added		\$1,374,866,833	7.8%	0.5%	N/AP	N/AP	N/AP	N/AP	N/AP
Emerging Markets		\$0	0.0%	N/AP	N/AP	N/AP	N/AP	N/AP	N/AP
Housing	Jun-92	1,517,703,819	8.6%	-2.4%	-28.0%	-126.2%	-139.1%	-168.2%	-186.19
Opportunistic - Tactical	Oct-87	5,492,321,429	31.0%	5.5%	9.0%	-12.9%	-2.2%	4.4%	7.2%
Urban	Feb-97	1,807,463,811	10.2%	3.1%	-34.7%	-38.4%	-21.3%	-1.4%	1.9%
Total Opportunistic	Dec-84	\$8,817,489,060	49.8%	3.5%	-10.2%	-31.9%	-19.7%	-4.1%	3.7%
Total Portfolio		\$17,703,568,862	92.2%	6.2%	2.5%	-24.3%	-11.3%	2.0%	6.8%
Real Estate Policy Benchmark				4.6%	9.3%	-2.0%	5.3%	8.1%	7.2%

¹ Core Industrial returns are lower relative to other Core Sector returns due to the underperformance of Centerpoint/Solstice, which was in the Core Strategy through 11/30/2010. As of 12/1/2010, Centerpoint/Solstice was transferred to the Value-Added Strategy.

Recourse Debt (As Reported by The Real Estate Unit)

		Funded	credi	t Accommodatio Unfunded		otal Allocated	Subscription Debt Funded Unfunded Total Allocated			Recourse Debt Total Allocated				
Apartment/ Residential	\$		¢		¢	_	\$	_	\$		¢	_	\$	
Industrial/Logistics	\$ \$	-	Φ	-	Φ		Ф	-	Φ	-	Φ	-	φ	-
Office	φ	-	Φ	-	Φ	-	Ф	-	Ф	-	Φ	-	φ	-
Office Retail	φ	-	Φ	-	φ	- -	\$	-	Φ	-	Φ	-	\$	- -
Retail	Φ	<u> </u>	φ		φ	<u> </u>	φ	<u>-</u>	φ	<u>-</u>	φ	<u> </u>	φ	<u>-</u>
Total Core	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
pp														
Value Add	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Total Value Add	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ပ														
Housing	\$	_	\$	_	\$	_	\$	251,497,492	\$	109,600,332	\$	361,097,824	\$	361,097,824
Supportunistic - Tactical	\$	539,442,344	\$	40,057,656	\$	579,500,000	\$	170,462,752	\$	420,277,815	\$	590,740,567		1,170,240,567
Urban	\$	-	\$	59,547,000	\$		\$	141,923,879	\$	211,916,343	\$	353,840,222		413,387,222
Total Opportunistic	\$	539,442,344	\$	99,604,656	\$	639,047,000	\$	563,884,123	\$	741,794,490	\$	1,305,678,613	\$	1,944,725,613
Total Portfolio	\$	539,442,344	\$	99,604,656	\$	639,047,000	\$	563,884,123	\$	741,794,490	\$	1,305,678,613	\$	1,944,725,613

The Total Permitted Amount of Recourse Debt in Real Estate is \$1,770,356,886. This figure represents the total amount that may be allocated to the partnerships but does not represent the current funded amount.

The Total Permitted Amount of Recourse Debt is the lesser of a) 10.0% of the actual Real Estate NAV (\$17,703,568,862) or b) 10.0% of the target Real Estate NAV (\$22,382,247,000) which is 10.0% of the total fund NAV of \$223,822,470,000 as of 12/31/10. This is an exception to policy as the total recourse debt was approximately 11.0%, or 1.0 percentage points above the new policy limit of 10.0%.

These amounts are not reflected in the NAV and are not taken into account when calculating the performance figures.





			et Asse	ets at Fair Market V	alue	1	Γotal Nomiι	nal Returns	Before Fe	
		Inception Date		Amount	% of Core	Qtr	1-Yr	3-Yr	5-Yr	Since Inception
1	Apartment									
	Western Multifamily (GID)	Oct-10	\$	1,622,887,678	21.6%	1.1%	N/AP	N/AP	N/AP	N/M ¹
	ndustrial									
	CalEast Industrial Investors, LLC	Dec-10		423,507,838	5.6%	N/AP	N/AP	N/AP	N/AP	N/AP ²
	CalEast Canada LP	Dec-10		105,893,381	1.4%	N/AP	N/AP	N/AP	N/AP	N/AP ²
	CalWest Industrial Properties, LLC	Apr-98		294,274,034	3.9%	0.7%	7.2 %	-4.7 %	11.5 %	16.0%
	Office									
<u>e</u>	CIM Urban REIT, LLC	Feb-05		440,326,154	5.9%	12.1%	8.0 %	4.3 %	6.9 %	5.9% ³
Sol	Fifth Street Properties	Jul-98		48,032,205	0.6%	1.4%	2.7 %	-24.3 %	-2.7 %	9.8%
0	National Office Partners, L.P.	Jul-98		724,587,773	9.6%	1.4%	54.0 %	-33.2 %	-12.2 %	4.5% ³
	REITS									
	FTSE EPRA NAREIT Developed REIT	Jul-09		1,229,136,189	16.4%	6.2%	20.4 %	N/AP	N/AP	28.8%
	Retail									
	Global Retail Investors, LLC	Dec-05		643,957,126	8.6%	55.4%	84.2 %	7.9 %	9.7 %	9.7% 4
	Institutional Mall Investors, LLC	Oct-03		1,977,888,523	26.3%	25.2%	32.4 %	-7.2 %	5.6 %	16.4% ³
-	Total Core	Apr-82	\$	7,510,490,900 ⁵	100.0%	9.8%	19.9%	-16.8%	-3.5%	8.9%

		t Assets at Fair Market	Total Nominal Returns Before Fees					
	Inception		% of Value					Since
	Date	Amount	Added	Qtr	1-Yr	3-Yr	5-Yr	Inception
Value Added								
CalEast Solstice, LLC	Dec-10	1,374,866,833	100.0%	N/AP	N/AP	N/AP	N/AP	N/AP ²
Total Value Added	Oct-10 \$	1,374,866,833	100.0%	0.7%	N/AP	N/AP	N/AP	N/AP

		1	<u>let Assets at Fair M</u>	arket Value]	<u> otal Nomi</u>	nal Returns	Before F	<u>ees</u>
		Inception Date	Amount	% of Opportunistic	Qtr	1-Yr	3-Yr	5-Yr	Since Inception
ŀ	lousing								
	Hearthstone Advisors								
	Hearthstone Housing Partners II, LLC	Aug-04	\$ 153,480,906	1.7%	1.4%	13.0 %	-23.4 %	-27.1 %	-20.9%
	Hearthstone Housing Partners III, LLC	Oct-06	21,749,521	0.2%	1.3%	N/M	N/M	N/AP	N/M ⁶
	Hearthstone Multi-State Residential Value-Added III	Sep-03	(6,267,948)	-0.1% ⁷	N/M	N/M	N/M	N/M	N/M ⁶
	Hearthstone Path-of-Growth Fund, LLC	Nov-05	166,838,378	1.9%	-0.4%	N/M	N/M	N/M	N/M ⁶
	Institutional Housing Partners								
	IHP Investment Fund I, L.P.	Jul-92	174,074,312	2.0%	-0.4%	37.0 %	0.2 %	17.2 %	24.4% ³
	IHP Investment Fund II, L.P.	Sep-95	22,330,052	0.3%	-0.1%	-26.9 %	-58.5 %	-38.0 %	N/M ⁸
Opportunistic	IHP Investment Fund III, L.P.	Oct-99	384,013,766	4.4%	1.3%	-1.2 %	-33.3 %	-22.1 %	2.7% ⁹
	Newland Capital Advisors								
륃	Cal-Land Asset Partners, L.P.	Aug-95	13,361,120	0.2%	-0.3%	4.3 %	-22.0 %	-14.7 %	-4.4%
8	Newland National Partners, L.P.	Oct-99	127,219,094	1.4%	-10.0%	-39.3 %	-43.6 %	-25.4 %	-8.6% ⁹
do	Newland National Partners II, LLC	Oct-03	122,399,685	1.4%	3.3%	-9.2 %	-11.7 %	-1.6 %	-1.6%
	Newland National Partners III, LLC	May-05	6,165,032	0.1%	-83.2%	-98.5 %	N/M	N/M	N/M ⁸
	Newland National Partners IV, LLC	Jun-06	42,632,841	0.5%	-18.0%	-76.2 %	-86.9 %	N/AP	-74.0% ¹⁰
	Resmark Equity Partners, LLC								
	ORA Multifamily Investments I, LLC	Dec-04	(23,401,200)	-0.3% ⁷	N/M	N/M	N/M	N/M	N/M ⁶
	ORA Residential Investments I, L.P.	Oct-99	105,893,274	1.2%	4.8%	99.9 %	-30.7 %	-15.1 %	14.8% ³
	Shea Homes, L.P.								
	Shea Capital I, LLC	Apr-05	106,216,173	1.2%	0.1%	-30.9 %	N/M	N/M	N/M ⁸
	Shea Mountain House, LLC	May-05	100,766,483	1.1%	4.9%	-58.2 %	N/M	N/M	N/M ⁸

		N	et Assets at Fair N	Total Nominal Returns Before Fees						
		Inception		% of					Since	
		Date	Amount	Opportunistic	Qtr	1-Yr	3-Yr	5-Yr	Inception	_
0	pportunistic & Tactical			_						
	Aetos Asia Real Estate Securities	Apr-07	\$ 3,155,730	0.0% 7	11.8%	11.8 %	-3.0 %	N/AP	-1.2%	
	Aetos Capital Asia TE, L.P.	Feb-03	15,265,815	0.2%	-18.7%	-25.6 %	-16.3 %	-2.3 %	N/M	
	Aetos Capital Asia TE II, Ltd.	Sep-05	148,841,669	1.7%	6.2%	-2.8 %	-18.4 %	-10.6 %	N/M	12
	AEW Senior Housing Company, LLC	Jun-01	98,915,212	1.1%	9.7%	15.2 %	-0.6 %	16.5 %	24.6%	
	AEW-SHP Managed Portfolio	Jan-09	(13,559,883)	-0.2% 7	N/M	N/M	N/AP	N/AP	N/M	6
	Apollo Real Estate Finance Corporation	Sep-06	77,978,745	0.9%	-1.4%	12.0 %	-2.2 %	N/AP	N/M	12
	ARA Asia Dragon Fund	Oct-07	450,654,617	5.1%	9.9%	10.5 %	23.5 %	N/AP	15.2%	
	AREA Real Estate Investment Fund V, L.P.	Sep-05	35,216,955	0.4%	4.4%	3.7 %	-21.5 %	N/M	N/M	6
	Capmark Structured Real Estate Partners, L.P.	Nov-06	18,456,441	0.2%	6.6%	19.4 %	-45.3 %	N/AP	-34.2%	9
	CBRE Strategic Partners Europe Fund III	Dec-06	55,076,273	0.6%	-10.7%	-11.3 %	N/M	N/AP	N/M	6
	CBRE Strategic Partners UK Fund II	May-05	(9,586,714)	-0.1% ⁷	N/M	N/M	N/M	N/M	N/M	6
	CBRE Strategic Partners UK Fund III	Dec-06	23,521,149	0.3%	-0.2%	-2.2 %	N/M	N/M	N/M	13
	CMR Commercial Mortgage Fund, LLC	Nov-06	9,437,061	0.1%	-63.4%	-67.1 %	-27.9 %	N/AP	-21.5%	9
	DB Real Estate Global Opportunities IB, L.P.	Dec-03	29,966,126	0.3%	13.1%	5.2 %	-19.5 %	6.8 %	N/M	14
	European Property Investors, L.P.	Sep-04	39,647,351	0.4%	8.2%	16.5 %	20.0 %	21.8 %	N/M	12
	Fillmore East Fund, L.P.	Dec-05	10,915,684	0.1%	-4.8%	N/M	N/M	N/M	N/M	15
	Fortress Holiday Investment Fund, L.P.	Feb-07	71,197,332	0.8%	9.2%	43.5 %	0.9 %	N/AP	0.4%	3
	Fortress Investment Fund IV (Fund A), L.P.	Jul-06	82,300,191	0.9%	12.4%	16.5 %	-4.6 %	-1.3 %	-1.3%	3
	Fortress Residential Investment Deutschland (Fund A)	Aug-05	54,679,195	0.6%	13.6%	7.2 %	-10.9 %	-8.4 %	-10.2%	3
	Fortress RIC Colnvestment Fund, L.P.	Jul-06	14,495,871	0.2%	30.9%	16.8 %	-6.1 %	N/AP	-7.3%	3
	Global Innovation Partners, LLC	Apr-01	17,332,689	0.2%	33.8%	33.6 %	4.2 %	19.7 %	19.9%	3
	GI Partners Fund II, L.P.	Sep-05	609,706,802	6.9%	11.1%	12.2 %	4.2 %	8.0 %	6.9%	3
	GI Partners Fund III, L.P.	Jul-08	332,980,795	3.8%	13.9%	36.3 %	N/AP	N/AP	26.0%	3

		Ne	et Assets at Fair Ma			Total Non	s Before Fees			
		Inception		% of					Since	
		Date	Amount	Opportunistic	Qtr	1-Yr	3-Yr	5-Yr	Inception	
	Opportunistic & Tactical									
	Guggenheim Structured Real Estate III, L.P.	Oct-07	\$ 53,768,000	0.6%	-1.3%	1.3 %	-10.3 %	N/AP	-9.6%	
	Hampshire Partners Fund VI, L.P.	Dec-03	21,718,479	0.2%	0.5%	9.3 %	-15.0 %	-2.6 %	8.3%	
	Harbert European Real Estate Fund II, L.P.	Jun-06	48,351,577	0.5%	1.6%	13.6 %	9.5 %	N/AP	-5.9%	
	HCB Interests, L.P.	Aug-05	32,969,890	0.4%	10.2%	-15.3 %	43.0 %	N/M	N/M	16
	HCB Interests II, L.P.	Apr-07	174,769,816	2.0%	3.3%	24.3 %	N/M	N/AP	N/M	6
	HCC Interests, L.P.	Jul-06	51,821,294	0.6%	N/M	N/M	N/M	N/M	N/M	13
	HCM Holdings, L.P.	Jan-05	73,225,164	0.8%	-19.3%	-8.1 %	-14.0 %	-8.6 %	N/M	8
	HCM Holdings II, L.P.	Apr-07	61,317,956	0.7%	-33.6%	N/M	N/M	N/AP	N/M	8
<u>.0</u>	Hines European Development Fund, L.P.	Mar-03	(11,541,323)	-0.1%	⁷ N/M	N/M	N/M	N/M	N/M	6
<u>s</u>	Hines European Development Fund II, L.P.	Mar-07	(3,269,180)	0.0%	⁷ N/M	N/M	N/M	N/AP	N/M	6
들	HC Green Development Fund, L.P.	Aug-06	186,238,088	2.1%	-0.6%	-1.2 %	N/M	N/AP	N/M	6
o	HCS Interests, L.P.	Jan-06	2,493,458	0.0%	⁷ -25.4%	N/M	N/M	N/M	N/M	6
Opportunisti	IL & FS India Realty Fund, LLC	Apr-06	135,734,546	1.5%	-6.0%	31.2 %	6.9 %	N/AP	N/M	16 6
0	IL & FS India Realty Fund II, LLC	Dec-07	101,922,132	1.2%	0.9%	20.3 %	N/M	N/AP	N/M	
	JER Europe Fund III, L.P.	Mar-06	14,130,497	0.2%	-6.4%	30.2 %	-45.1 %	N/M	N/M	17
	JER US Debt Co-Investment Vehicle, L.P.	Dec-07	44,894,215	0.5%	30.0%	106.1 %	N/M	N/AP	N/M	18
	Kennedy Wilson Property Fund II	Nov-05	37,794,737	0.4%	0.2%	-17.0 %	-9.8 %	2.9 %	N/M	12
	LaSalle Asia Opportunity Fund III, L.P.	Sep-07	45,858,886	0.5%	9.2%	9.7 %	N/M	N/AP	N/M	13
	LaSalle French Fund II, L.P.	Dec-05	48,687,645	0.6%	11.6%	23.0 %	-12.1 %	-2.0 %	-10.8%	
	LaSalle Japan Logistics Fund II, L.P.	Sep-07	15,970,404	0.2%	114.1%	199.6 %	N/M	N/AP	N/M	13
	Market Street Capital Partners/Divco West	Jul-06	79,003,642	0.9%	4.6%	18.3 %	-12.5 %	N/AP	-14.9%	
	Meriwether Farms, LLC	May-04	42,874,210	0.5%	-4.2%	-50.8 %	-23.8 %	-16.5 %	-14.1%	9

		Net Assets at Fair Market Value					Total Nominal Returns Before Fees					
		Inception			% of						Since	
		Date		Amount	Opportunistic	Qt	r	1-Yr	3-Yr	5-Yr	Inception	
_(Opportunistic & Tactical											
	MGPA Asia Fund II	Aug-05	\$	77,160,059	0.9%	28	8.5%	30.9 %	-11.6 %	6.5 %	2.4%	
	MGPA Europe Parallel Fund II, L.P.	Aug-05		64,878,447	0.7%	14	4.4%	14.9 %	-12.4 %	-3.5 %	N/M	18
	Niam Nordic Investment Fund III	Sep-04		47,876,914	0.5%	9	9.4%	27.9 %	12.2 %	29.9 %	26.8%	
	Niam Nordic Investment Fund IV	Jan-08		114,074,541	1.3%	9	9.6%	23.7 %	N/M	N/AP	N/M	12
	Pacific Vineyard Partners, LLC	Jul-02		65,370,987	0.7%	-	7.6%	-32.3 %	-19.0 %	-10.2 %	-7.9%	9
	PERS-400 R Street	Apr-05		16,070,290	0.2%	:	5.7%	26.0 %	24.9 %	15.6 %	N/M	14
	PLA Residential Fund I, LLC	Jul-04		14,636,527	0.2%	33	3.3%	92.9 %	64.8 %	49.3 %	41.9%	19
	PLA Retail Fund I, L.P.	Nov-06		76,655,027	0.9%	:	2.5%	15.0 %	0.8 %	N/AP	N/M	12
stic	PRECO Account Partnership III, L.P.	Jul-06		53,863,680	0.6%	1:	3.0%	15.7 %	-24.7 %	N/AP	-14.4%	
뺼	PRECO III Co-invest (Senior Housing UK Investment II)	Jan-08		1,761,673	0.0%	⁷ -48	8.9%	-45.4%	-42.4 %	N/AP	-42.4%	20
rtunis	Principal Mortgage Value Investors, L.P.	Apr-07		19,923,683	0.2%		1.4%	19.4 %	-68.6 %	N/AP	-66.0%	
Oppo	RLJ Lodging Fund II, L.P.	May-06		57,140,165	0.6%	-(0.6%	-4.4 %	-11.1 %	- 5.8 %	-5.8%	
d	RLJ Real Estate Fund III, L.P.	Jul-08		131,959,208	1.5%	-(0.9%	-4.3 %	-22.3 %	N/AP	-22.3%	
	Rockpoint Real Estate Fund II, L.P.	Sep-05		12,506,118	0.1%	:	2.4%	-18.9 %	-27.4 %	-16.9 %	N/M	12
	Rockpoint Real Estate Fund III, L.P.	Sep-07		103,700,994	1.2%	;	3.4%	17.2 %	N/M	N/AP	N/M	8
	RREEF Global Opportunities Fund II, LLC	Dec-05		91,031,465	1.0%	(6.3%	-0.2 %	-20.1 %	-11.9 %	-17.6%	
	Savanna Real Estate Fund I, L.P.	Jan-07		60,621,449	0.7%		5.8%	14.7 %	-0.6 %	N/AP	N/M	13
	SDL Hospitality Co-Invest Fund, L.P.	Oct-05		193,138,104	2.2%	-	7.7%	5.0 %	-5.3 %	20.3 %	19.0%	
	Secured Capital Japan Real Estate Partners Asia, L.P.	Jun-06		231,789,024	2.6%	-10	0.8%	-8.4 %	-6.5 %	N/AP	N/M	13
	Secured Capital Japan Real Estate Partners I, L.P.	Mar-04		4,494,968	0.1%	-3	5.1%	-29.4 %	-14.7 %	12.2 %	13.8%	9
	Secured Capital Japan Real Estate Partners II, L.P.	Sep-05		67,649,186	0.8%	-18	8.7%	-16.9 %	-6.9 %	5.6 %	N/M	14

	Net Assets at Fair Market Value					Total Non	rns Before Fees			
	Inception			% of					Since	
	Date		Amount	Opportunistic	Qtr	1-Yr	3-Yr	5-Yr	Inception	
Opportunistic & Tactical										
Starwood Capital Hospitality Fund I-2, L.P.	Apr-05	\$	199,380,980	2.3%	9.7%	6.2 %	-18.9 %	13.0 %	N/M	13
Starwood Capital Hospitality Fund II Global, L.P.	Oct-08		44,167,488	0.5%	7.7%	N/M	N/AP	N/AP	N/M	6
Stockbridge Hollywood Park Co-Investors, L.P.	Oct-05		101,216,871	1.1%	-0.1%	-0.1 %	4.2 %	N/M	N/M	13
Stockbridge Real Estate Fund II-B, L.P.	Oct-05		17,557,039	0.2%	0.2%	21.3 %	-65.0 %	N/M	N/M	8
Strategic Partners Value Enhancement Fund, L.P.	Jul-05		39,246,342	0.4%	12.6%	58.1 %	-5.8 %	N/M	N/M	13
Strategic Partners Value Enhancement Fund, L.P. Sun Apollo India Real Estate Fund, LLC	Dec-06		23,240,382	0.3%	15.8%	22.6 %	-1.1 %	N/AP	N/M	6
TPG Hospitality Investments IV, LLC	Apr-06		(11,985,496)	-0.1% ⁷	N/M	N/M	N/M	N/M	N/M	6
Windsor Realty Fund VII, L.P.	Oct-06		15,028,122	0.2%	-22.5%	-21.2 %	-39.7 %	N/AP	N/M	8
Xander Co-Investment	Aug-07		114,867,668	1.3%	1.1%	8.9 %	-13.6 %	N/AP	-11.6%	
Xander JV Fund I (India Realty)	Sep-07		6,962,177	0.1%	2.5%	14.2 %	N/M	N/AP	N/M	13

Opportunistic Real Estate Portfolio Performance Detail by Partnership/Account For the Period Ending December 31, 2010

			Net	Assets at Fair Mar	ket Value		<u>Total Nominal Returns Before Fees</u>				
		Inception Date		Amount	% of Opportunistic	Qtr	1-Yr	3-Yr	5-Yr	Since Inception	
Urban											
301 Capitol Mall, L.P.		Jun-07	\$	25,441,398	0.3%	-0.3%	N/M	N/M	N/AP	N/M	6
AGI-TMG Housing Pa	rtners I, LLC	Nov-06		21,080,276	0.2%	-0.3%	N/M	N/M	N/AP	N/M	6
American Value Partr	ers Fund I, L.P.	Sep-06		34,233,986	0.4%	6.7%	10.6 %	N/M	N/AP	N/M	13
BRIDGE Urban Infill L	and Development, LLC (BUILD)	Jun-02		34,757,881	0.4%	13.3%	-1.2 %	-18.4 %	-11.1 %	-4.0%	3
Buchanan Urban Inve	stors II, LLC	Aug-03		70,362,183	0.8%	-33.1%	-70.8 %	-44.6 %	-24.7 %	-15.4%	9
CAL Special Urban H	ousing	Dec-09		81,740,282	0.9%	1.7%	-23.6 %	N/AP	N/AP	-19.3%	
California Smart Grov	th Fund IV, L.P.	Jul-06		49,423,172	0.6%	3.9%	19.6 %	-24.8 %	-18.0 %	-18.0%	
CalSmart, LLC		Mar-01		248,482,549	2.8%	28.7%	21.5 %	-33.4 %	-12.2 %	0.7%	3
Canyon Johnson Urba	an Fund III	Oct-08		35,228,065	0.4%	6.0%	N/M	N/M	N/AP	N/M	6
Centerline Urban Cap	ital I, LLC	Jun-02		53,955,540	0.6%	-0.8%	-37.2 %	-27.7 %	-17.9 %	-7.0%	9
Canyon Johnson Urba Centerline Urban Cap CIM Fund III, L.P. CIM Urban Real Estat CityView LA Urban Fu		May-06		264,148,046	3.0%	-4.2%	-13.8 %	N/M	N/AP	N/M	6
CIM Urban Real Estat	e Fund, L.P.	Dec-00		495,969,519	5.6%	12.1%	-5.0 %	-8.3 %	8.1 %	N/M	21
CityView LA Urban Fu	nd I, L.P.	Apr-07		24,048,446	0.3%	-7.8%	-24.5 %	-12.8 %	N/AP	-12.9%	
CUIP Properties, LLC		Oct-10		(66,652,030)	-0.8%	⁷ N/M	N/AP	N/AP	N/AP	N/M	6
KAREC California De	velopment Program, LLC	Apr-02		313,222,856	3.6%	-1.9%	-2.2 %	-16.2 %	-2.3 %	7.3%	
KSC Affordable Hous	ng Investment Fund, LLC	Jan-03		28,514,464	0.3%	0.3%	1.4 %	0.8 %	0.3 %	-1.2%	
Legacy Partners Affor	dable Housing Fund, LLC	Jun-03		23,496,406	0.3%	6.4%	-83.6 %	-45.3 %	-30.4 %	-21.5%	22
Next Block Medical I,	L.P.	Jun-06		17,396,981	0.2%	-10.6%	-77.7 %	-45.8 %	N/AP	-31.5%	9
Urban America L.P. II		Jan-07		54,959,241	0.6%	0.2%	11.4 %	-4.8 %	N/AP	-15.9%	
Total Opportunistic			\$	8,818,594,070	⁵ 100.0%	4.5%	-8.1%	-30.4%	-17.2%	6.2%	

Core Real Estate Portfolio Performance Detail by Partnership / Account (After Fee) For the Period Ending December 31, 2010

	<u>Net</u>	Asset	ts at Fair Market Va		Total Nom	inal Return	s After Fe	<u>es</u>		
	Inception Date		Amount	% of Core	Qtr	1-Yr	3-Yr	5-Yr	Since Inception	Since Inception IRR AF ²²
Apartment										
Western Multifamily (GID)	Oct-10	\$	1,622,887,678	21.6%	1.0%	N/AP	N/AP	N/AP	N/M	¹ N/M
Industrial										
CalEast Industrial Investors, LLC	Oct-10		423,507,838	5.6%	N/AP	N/AP	N/AP	N/AP	N/AP	² N/M
CalEast Canada LP	Oct-10		105,893,381	1.4%	N/AP	N/AP	N/AP	N/AP	N/AP	² N/M
CalWest Industrial Properties, LLC	Apr-98		294,274,034	3.9%	0.5%	4.6 %	-4.7 %	9.6 %	14.1%	20.7 %
Office										
CIM Urban REIT, LLC	Feb-05		440,326,154	5.9%	11.8%	6.9 %	3.1 %	5.6 %	4.7%	³ 4.8 %
Fifth Street Properties	Jul-98		48,032,205	0.6%	-0.5%	-5.0 %	-26.7 %	-9.2 %	5.1%	32.9 %
National Office Partners, L.P.	Jul-98		724,587,773	9.6%	0.4%	51.5 %	-34.2 %	-13.7 %	2.3%	³ 23.0 %
REITS										
FTSE EPRA NAREIT Developed REIT	Jul-09		1,229,136,189	16.4%	6.2%	20.4 %	N/AP	N/AP	28.8%	N/M
Retail										
Global Retail Investors, LLC	Dec-05		643,957,126	8.6%	55.1%	81.8 %	5.9 %	8.0 %	8.0%	⁴ 45.5 %
Institutional Mall Investors, LLC	Oct-03		1,977,888,523	26.3%	25.0%	31.6 %	-7.7 %	5.0 %	15.7%	³ N/M
Total Core	Apr-82	\$	7,510,490,900	100.0%	9.6%	18.9%	-17.3%	-4.4%	8.0%	

Value Added Real Estate Portfolio Performance Detail by Partnership / Account (After Fee)

For the Period Ending December 31, 2010

		Net A	ssets at Fair Marke	t Value		Total Nom	inal Return	s After Fe	e <u>es</u>	
	Inception Date		Amount	% of Value Added	Qtr	1-Yr	3-Yr	5-Yr	Since Inception	Since Inception IRR AF ²²
Value Added										
CalEast Solstice, LLC	Oct-10		1,374,866,833	100.0%	N/AP	N/AP	N/AP	N/AP	N/AP	N/M
Total Value Added	Oct-10	\$	1,374,866,833	100.0%	0.5%	N/AP	N/AP	N/AP	N/AP	

For the Period Ending December 31, 2010

		<u>N</u>	et Assets at Fair N	Market Value		Total Nom	inal Returr	s After Fe	<u>es</u>	
		Inception Date	Amount	% of Opportunistic	Qtr	1-Yr	3-Yr	5-Yr	Since Inception	Since Inception IRR AF ²²
Housing										
Hearthstone /	Advisors									
Hearthsto	one Housing Partners II, LLC	Aug-04	\$ 153,480,906	1.7%	1.2%	12.1 %	-24.0 %	-27.7 %	-21.6%	N/M
Hearthsto	one Housing Partners III, LLC	Oct-06	21,749,521	0.2%	1.0%	N/M	N/M	N/AP	N/M	6 N/M
Hearthsto	one Multi-State Residential Value-Added III	Sep-03	(6,267,948)	-0.1% ⁷	N/M	N/M	N/M	N/M	N/M	⁶ 26.2 %
Hearthsto	one Path-of-Growth Fund, LLC	Nov-05	166,838,378	1.9%	-0.4%	N/M	N/M	N/M	N/M	6 N/M
Institutional H	lousing Partners									
IHP Inves	stment Fund I, L.P.	Jul-92	174,074,312	2.0%	-0.5%	36.1 %	-8.3 %	10.1 %	15.6%	³ 19.8 %
IHP Inves	stment Fund II, L.P.	Sep-95	22,330,052	0.3%	-0.7%	-28.4 %	-59.3 %	-39.2 %	N/M	8 N/M
IHP Investorment Newland Cap Cal-Land Newland Newland Newland	stment Fund III, L.P.	Oct-99	384,013,766	4.4%	0.9%	-2.2 %	-36.7 %	-25.9 %	-4.0%	9 N/M
Newland Cap	oital Advisors									
Cal-Land	Asset Partners, L.P.	Aug-95	13,361,120	0.2%	-0.3%	4.3 %	-22.0 %	-14.7 %	-5.4%	6.5 %
Newland	National Partners, L.P.	Oct-99	127,219,094	1.4%	-11.9%	-42.0 %	-44.4 %	-26.1 %	-9.0%	9 N/M
Newland	National Partners II, LLC	Oct-03	122,399,685	1.4%	3.3%	-9.2 %	-11.7 %	-1.6 %	-1.4%	-5.5 %
	National Partners III, LLC	May-05	6,165,032	0.1%	-83.2%	-98.5 %	N/M	N/M	N/M	8 N/M
Newland	National Partners IV, LLC	Jun-06	42,632,841	0.5%	-18.0%	-76.2 %	-86.9 %	N/AP	-74.0%	¹⁰ N/M
Resmark Equ	uity Partners, LLC									
ORA Mult	tifamily Investments I, LLC	Dec-04	(23,401,200)	-0.3% ⁷	N/M	N/M	N/M	N/M	N/M	6 N/M
ORA Res	sidential Investments I, L.P.	Oct-99	105,893,274	1.2%	3.5%	88.6 %	-36.7 %	-23.1 %	4.3%	³ 3.6 %
Shea Homes,	, L.P.									
Shea Car	pital I, LLC	Apr-05	106,216,173	1.2%	-0.5%	-33.1 %	N/M	N/M	N/M	
Shea Mou	untain House, LLC	May-05	100,766,483	1.1%	4.8%	-58.6 %	N/M	N/M	N/M	8 N/M

For the Period Ending December 31, 2010

		<u>N</u>	et Assets at Fair N	larket Value		Total Non	ninal Return	s AFter Fe	<u>es</u>	Oiman
		Inception Date	Amount	% of Opportunistic	Qtr	1-Yr	3-Yr	5-Yr	Since Inception	Since Inception IRR AF ²²
	Opportunistic & Tactical			7						
	Aetos Asia Real Estate Securities	Apr-07	\$ 3,155,730	0.0%	11.8%	11.8 %	-3.2 %	N/AP	-2.0%	-16.1 %
	Aetos Capital Asia TE, L.P.	Feb-03	15,265,815	0.2%	-15.4%	-19.7 %	-12.8 %	0.3 %	N/M	
	Aetos Capital Asia TE II, Ltd.	Sep-05	148,841,669	1.7%	5.8%	-4.0 %	-19.7 %	-17.9 %	N/M	¹² N/M
	AEW Senior Housing Company, LLC	Jun-01	98,915,212	1.1%	9.3%	13.6 %	- 2.0 %	14.9 %	23.0%	31.3 %
	AEW-SHP Managed Portfolio	Jan-09	(13,559,883)	-0.2% ⁷	N/M	N/M	N/AP	N/AP	N/M	6 N/M
	Apollo Real Estate Finance Corporation	Sep-06	77,978,745	0.9%	-1.8%	10.5 %	-4.4 %	N/AP	-287.0%	¹² -5.5 %
	ARA Asia Dragon Fund	Oct-07	450,654,617	5.1%	9.4%	7.8 %	2.8 %	N/AP	N/M	¹² 15.7 %
	AREA Real Estate Investment Fund V, L.P.	Sep-05	35,216,955	0.4%	3.6%	0.6 %	-23.4 %	N/M	N/M	6 N/M
	Capmark Structured Real Estate Partners, L.P.	Nov-06	18,456,441	0.2%	5.5%	15.0 %	-47.9 %	N/AP	-38.6%	9 N/M
stic	CBRE Strategic Partners Europe Fund III	Dec-06	55,076,273	0.6%	-11.1%	-12.5 %	N/M	N/AP	N/M	6 N/M
Opportunistic	CBRE Strategic Partners UK Fund II	May-05	(9,586,714)	- 0.1% ⁷	N/M	N/M	N/M	N/M	IN/IVI	6 N/M
뢷	CBRE Strategic Partners UK Fund III	Dec-06	23,521,149	0.3%	-1.1%	-5.2 %	N/M	N/AP	N/M	¹³ N/M
0	CMR Commercial Mortgage Fund, LLC	Nov-06	9,437,061	0.1%	-63.4%	-67.1 %	-27.9 %	N/AP	-21.5%	9 N/M
<u>d</u>	DB Real Estate Global Opportunities IB, L.P.	Dec-03	29,966,126	0.3%	8.2%	5.1 %	- 9.3 %	8.4 %	N/M	²⁵ 19.0 %
	European Property Investors, L.P.	Sep-04	39,647,351	0.4%	7.8%	15.1 %	17.7 %	20.3 %	N/M	¹² 16.6 %
	Fillmore East Fund, L.P.	Dec-05	10,915,684	0.1%	-6.1%	N/M	N/M	N/M	N/M	¹⁵ N/M
	Fortress Holiday Investment Fund, L.P.	Feb-07	71,197,332	0.8%	9.0%	42.1 %	-0.5 %	N/AP	-0.8%	³ -0.3 %
	Fortress Investment Fund IV (Fund A), L.P.	Jul-06	82,300,191	0.9%	12.2%	15.5 %	-5.5 %	-3.3 %	-3.3%	-5.0 %
	Fortress Residential Investment Deutschland (Fund A)	Aug-05	54,679,195	0.6%	13.1%	5.2 %	-12.7 %	-10.5 %	-12.3%	-9.0 %
	Fortress RIC Colnvestment Fund, L.P.	Jul-06	14,495,871	0.2%	30.6%	15.6 %	-7.3 %	N/AP	-8.4%	³ -10.9 %
	Global Innovation Partners, LLC	Apr-01	17,332,689	0.2%	29.3%	29.1 %	4.2 %	20.9 %	13.7%	
	GI Partners Fund II, L.P.	Sep-05	609,706,802	6.9%	10.9%	11.2 %	3.1 %	6.9 %	5.5%	8.0 %
	GI Partners Fund III, L.P.	Jul-08	332,980,795	3.8%	14.0%	30.1 %	N/AP	N/AP	N/M	¹² 40.5 %

For the Period Ending December 31, 2010

		No	et Assets at Fair Ma	arket Value	<u>Total Nominal Returns After Fees</u>						0:
		Inception Date	Amount	% of Opportunistic	Qtr	1-Yr	3-Yr	5-Yr	Since Inception	In	Since nception RR AF ²²
O	pportunistic & Tactical										
	Guggenheim Structured Real Estate III, L.P.	Oct-07	\$ 53,768,000	0.6%	-1.5%	0.4 %	-11.7 %	N/AP	-10.9%		-13.6 %
	Hampshire Partners Fund VI, L.P.	Dec-03	21,718,479	0.2%	0.2%	7.9 %	-15.9 %	-4.3 %	4.4%		3.3 %
	Harbert European Real Estate Fund II, L.P.	Jun-06	48,351,577	0.5%	1.4%	12.1 %	4.7 %	N/AP	-204.3%	26	9.1 %
	HCB Interests, L.P.	Aug-05	32,969,890	0.4%	10.2%	-14.3 %	41.9 %	N/M	N/M	16	45.4 %
	HCB Interests II, L.P.	Apr-07	174,769,816	2.0%	1.0%	18.8 %	N/M	N/AP	N/M	6	39.8 %
	HCC Interests, L.P.	Jul-06	51,821,294	0.6%	N/M	N/M	N/M	N/M	N/M	13	N/M
	HCM Holdings, L.P.	Jan-05	73,225,164	0.8%	-19.5%	-8.6 %	-15.3 %	-12.2 %	N/M	8	N/M
	HCM Holdings II, L.P.	Apr-07	61,317,956	0.7%	-33.8%	N/M	N/M	N/AP	N/M	6	N/M
<u>ပ</u>	Hines European Development Fund, L.P.	Mar-03	(11,541,323)	-0.1% ⁷	N/M	N/M	N/M	N/M	N/M	6	N/M
Opportunistic	Hines European Development Fund II, L.P.	Mar-07	(3,269,180)	0.0% 7	N/M	N/M	N/M	N/AP	N/M	6	N/M
들	HC Green Development Fund, L.P.	Aug-06	186,238,088	2.1%	-0.8%	-1.5 %	N/M	N/AP	N/M	6	-2.6 %
5	HCS Interests, L.P.	Jan-06	2,493,458	0.0% 7	-24.9%	N/M	N/M	N/M	N/M	6	N/M
<u>a</u>	IL & FS India Realty Fund, LLC	Apr-06	135,734,546	1.5%	-6.2%	29.9 %	5.3 %	N/AP	N/M	16	10.3 %
ō	IL & FS India Realty Fund II, LLC	Dec-07	101,922,132	1.2%	0.3%	17.4 %	N/M	N/AP	N/M	6	-1.6 %
	JER Europe Fund III, L.P.	Mar-06	14,130,497	0.2%	-6.7%	27.7 %	-46.0 %	N/M	N/M	17	N/M
	JER US Debt Co-Investment Vehicle, L.P.	Dec-07	44,894,215	0.5%	29.6%	103.4 %	N/M	N/AP	N/M	18	N/M
	Kennedy Wilson Property Fund II	Nov-05	37,794,737	0.4%	-0.1%	-18.3 %	-11.2 %	-2.7 %	N/M	12	-5.4 %
	LaSalle Asia Opportunity Fund III, L.P.	Sep-07	45,858,886	0.5%	8.0%	1.6 %	N/M	N/AP	N/M	13	N/M
	LaSalle French Fund II, L.P.	Dec-05	48,687,645	0.6%	10.7%	18.9 %	-14.5 %	-7.7 %	-27.5%		N/M
	LaSalle Japan Logistics Fund II, L.P.	Sep-07	15,970,404	0.2%	110.8%	151.7 %	N/M	N/AP	N/M	18	24.0 %
	Market Street Capital Partners/Divco West	Jul-06	79,003,642	0.9%	4.2%	16.2 %	-15.3 %	N/AP	-14.1%		-7.1 %
	Meriwether Farms, LLC	May-04	42,874,210	0.5%	-4.6%	-51.6 %	-25.5 %	-18.1 %	-15.7%	9	N/M

For the Period Ending December 31, 2010

		Net Assets at Fair Market Value					Total No	minal Returr	s After Fe	ees		
		Inception Date		Amount	% of Opportunistic	Qtr	1-Yr	3-Yr	5-Yr	Since Inception		Since Inception IRR AF ²²
	Opportunistic & Tactical											
	MGPA Asia Fund II	Aug-05	\$	77,160,059	0.9%	28.0%	28.9 %	-10.1 %	-1.9 %	N/M	27	2.3 %
	MGPA Europe Parallel Fund II, L.P.	Aug-05		64,878,447	0.7%	14.0%	13.0 %	-14.0 %	3.9 %	N/M	18	N/M
	Niam Nordic Investment Fund III	Sep-04		47,876,914	0.5%	9.1%	26.5 %	10.9 %	29.1 %	10.9%		33.4 %
	Niam Nordic Investment Fund IV	Jan-08		114,074,541	1.3%	9.2%	21.2 %	N/M	N/AP	N/M	12	15.0 %
	Pacific Vineyard Partners, LLC	Jul-02		65,370,987	0.7%	-8.2%	-33.7 %	-19.9 %	-10.9 %	-8.9%	9	N/M
	PERS-400 R Street	Apr-05		16,070,290	0.2%	5.7%	26.0 %	24.9 %	15.6 %	N/M	14	25.1 %
	PLA Residential Fund I, LLC	Jul-04		14,636,527	0.2%	25.7%	68.6 %	45.5 %	37.1 %	32.2%	19	23.0 %
45	PLA Retail Fund I, L.P.	Nov-06		76,655,027	0.9%	2.1%	13.2 %	-1.9 %	N/AP	N/M	12	1.2 %
iţi.	PRECO Account Partnership III, L.P.	Jul-06		53,863,680	0.6%	12.7%	14.3 %	-25.7 %	N/AP	-16.3%		N/M
rtunisti	PRECO III Co-invest (Senior Housing UK Investmen	Jan-08		1,761,673	0.0% 7	-49.2%	-47.2 %	-42.6 %	N/AP	-42.6%	20	N/M
뢷	Principal Mortgage Value Investors, L.P.	Apr-07		19,923,683	0.2%	1.4%	19.4 %	-69.1 %	N/AP	-68.4%		N/M
8	RLJ Lodging Fund II, L.P.	May-06		57,140,165	0.6%	-1.0%	-6.2 %	-12.6 %	-7.4 %	-7.4%		-8.1%
loddc	RLJ Real Estate Fund III, L.P.	Jul-08		131,959,208	1.5%	-1.7%	-10.2 %	N/M	N/AP	N/M	12	-25.8 %
	Rockpoint Real Estate Fund II, L.P.	Sep-05		12,506,118	0.1%	1.5%	-21.6 %	-29.3 %	-23.7 %	N/M	12	N/M
	Rockpoint Real Estate Fund III, L.P.	Sep-07		103,700,994	1.2%	3.1%	7.7 %	N/M	N/AP	N/M	13	N/M
	RREEF Global Opportunities Fund II, LLC	Dec-05		91,031,465	1.0%	4.9%	-2.1 %	-21.6 %	-14.2 %	-20.1%		N/M
	Savanna Real Estate Fund I, L.P.	Jan-07		60,621,449	0.7%	5.7%	13.0 %	-2.7 %	N/AP	N/M	13	-1.4 %
	SDL Hospitality Co-Invest Fund, L.P.	Oct-05		193,138,104	2.2%	5.1%	7.8 %	1.5 %	21.4 %	20.1%	24	21.7 %
	Secured Capital Japan Real Estate Partners Asia, L	Jun-06		231,789,024	2.6%	-11.1%	-9.5 %	-7.8 %	N/AP	N/M	28	-7.9 %
	Secured Capital Japan Real Estate Partners I, L.P.	Mar-04		4,494,968	0.1%	-35.2%	-30.4 %	-11.7 %	9.7 %	9.3%	24	27.7 %
	Secured Capital Japan Real Estate Partners II, L.P.	Sep-05		67,649,186	0.8%	-19.0%	-18.1 %	-8.2 %	2.7 %	N/M	14	1.7 %

For the Period Ending December 31, 2010

		1	let /	Assets at Fair Ma	rket Value		Total No	minal Retu	rns After F	<u>ees</u>		Since
		Inception Date		Amount	% of Opportunistic	Qtr	1-Yr	3-Yr	5-Yr	Since Inception		Inception IRR AF ²²
	Opportunistic & Tactical											
	Starwood Capital Hospitality Fund I-2, L.P.	Apr-05	\$	199,380,980	2.3%	9.4%	5.3 %	-10.0 %	9.8 %	N/M	13	4.8 %
	Starwood Capital Hospitality Fund II Global, L.P.	Oct-08		44,167,488	0.5%	6.8%	N/M	N/AP	N/AP	N/M	6	-35.5 %
<u>0</u>	Stockbridge Hollywood Park Co-Investors, L.P.	Oct-05		101,216,871	1.1%	-0.2%	-0.8 %	3.4 %	N/M	N/M	13	0.4 %
Opportunistic	Stockbridge Real Estate Fund II-B, L.P.	Oct-05		17,557,039	0.2%	-0.4%	16.4 %	-66.9 %	N/M	N/M	8	N/M
un	Strategic Partners Value Enhancement Fund, L.P.	Jul-05		39,246,342	0.4%	12.1%	54.7 %	-7.7 %	N/M	N/M	13	-8.3 %
P	Sun Apollo India Real Estate Fund, LLC	Dec-06		23,240,382	0.3%	14.6%	17.1 %	-7.1 %	N/AP	N/M	6	-4.4 %
dd	TPG Hospitality Investments IV, LLC	Apr-06		(11,985,496)	-0.1% ⁷	N/M	N/M	N/M	N/M	N/M	6	N/M
0	Windsor Realty Fund VII, L.P.	Oct-06		15,028,122	0.2%	-23.2%	-24.1 %	-42.0 %	N/AP	N/M	8	N/M
	Xander Co-Investment	Aug-07		114,867,668	1.3%	0.3%	5.5 %	-16.1 %	N/AP	-14.0%		-14.7 %
	Xander JV Fund I (India Realty)	Sep-07		6,962,177	0.1%	0.3%	1.1 %	N/M	N/AP	N/M	13	-15.4 %

For the Period Ending December 31, 2010

			Net	Assets at Fair Marl	ket Value		Total Nom	inal Retu	rns After	<u>Fees</u>		0:
		Inception Date		Amount	% of Opportunistic	Qtr	1-Yr	3-Yr	5-Yr	Since Inception		Since Inception IRR AF ²²
	Urban											
	301 Capitol Mall, L.P.	Jun-07	\$	25,441,398	0.3%	-0.9%	N/M	N/M	N/AP	N/M	6	N/M
	AGI-TMG Housing Partners I, LLC	Nov-06		21,080,276	0.2%	-1.3%	N/M	N/M	N/AP	N/M	6	N/M
	American Value Partners Fund I, L.P.	Sep-06		34,233,986	0.4%	6.1%	6.7 %	N/M	N/AP	N/M	13	N/M
	BRIDGE Urban Infill Land Development, LLC (BUILD)	Jun-02		34,757,881	0.4%	13.1%	-2.2 %	-19.3 %	-11.8 %	-4.4%	3	N/M
	Buchanan Urban Investors II, LLC	Aug-03		70,362,183	0.8%	-33.9%	-71.8 %	-45.8 %	-26.1 %	-16.8%	9	N/M
	CAL Special Urban Housing	Dec-09		81,740,282	0.9%	1.6%	-24.0 %	N/AP	N/AP	-19.6%		-24.3 %
	California Smart Growth Fund IV, L.P.	Jul-06		49,423,172	0.6%	3.4%	16.8 %	-27.1 %	-22.3 %	-22.3%		N/M
	CalSmart, LLC	Mar-01		248,482,549	2.8%	28.6%	19.8 %	-34.3 %	-14.9 %	-1.7%	3	N/M
<u>ပ</u>	Canyon Johnson Urban Fund III	Oct-08		35,228,065	0.4%	1.7%	N/M	N/M	N/AP	N/M	6	-73.2 %
Opportunistic	Centerline Urban Capital I, LLC	Jun-02		53,955,540	0.6%	-1.6%	-39.3 %	-29.3 %	-19.4 %	-8.4%	9	N/M
5	CIM Fund III, L.P.	May-06		264,148,046	3.0%	-5.1%	-19.3 %	N/M	N/AP	N/M	6	N/M
l F	CIM Urban Real Estate Fund, L.P.	Dec-00		495,969,519	5.6%	11.9%	-5.7 %	-8.8 %	7.3 %	N/M	21	15.8 %
Q Q	CityView LA Urban Fund I, L.P.	Apr-07		24,048,446	0.3%	-9.2%	-43.4 %	N/M	N/AP	N/M	29	N/M
0	CUIP Properties, LLC	Oct-10		(66,652,030)	-0.8% ⁷	N/M	N/AP	N/AP	N/AP	N/M	6	N/M
	KAREC California Development Program, LLC	Apr-02		313,222,856	3.6%	-2.0%	-2.8 %	-16.9 %	-3.0 %	5.3%		N/M
	KSC Affordable Housing Investment Fund, LLC	Jan-03		28,514,464	0.3%	-0.3%	-1.1 %	-1.3 %	-1.7 %	-3.0%		N/M
	Legacy Partners Affordable Housing Fund, LLC	Jun-03		23,496,406	0.3%	5.9%	-84.2 %	-46.2 %	-31.2 %	-22.2%	22	N/M
	Next Block Medical I, L.P.	Jun-06		17,396,981	0.2%	-12.0%	-78.6 %	-47.5 %	N/AP	-34.7%	9	N/M
	Urban America L.P. II	Jan-07		54,959,241	0.6%	-0.3%	9.0 %	-7.3 %	N/AP	-23.8%		N/M
	Total Opportunistic		\$	8,818,594,070	5 100.0%	3.5%	-10.2%	-31.9%	-19.7%	3.7%		

End Notes

- 1 Since Inception time-weighted returns are not meaningful for investments with less than four quarters of activity.
 - In accordance with Global Investment Performance Standards (GIPS), Partnership returns are not shown for partial quarters/ stub periods.
- 2 However, partial period returns do roll up to the Sector and Strategy levels.
- 3 The current quarter and/or 1 year returns are high due to realized and/or unrealized appreciation.
- 4 GRI's current quarter and 1 year returns are high due to unrealized appreciation on the Delorian portfolio.
- 5 Includes active partnerships only.
- 6 Return(s) stated as "N/M" are not meaningful due to negative net assets which may have occurred in a prior guarter.
- 7 Less than 0.1% of the Opportunistic Portfolio.
- Return(s) stated as "N/M" are not meaningful due to posting of net investment income and/or appreciation relative to a small and/or negative
- 8 NAV. Negative return(s) are due to large realized and/or unrealized appreciation loss.
- 9 Not meaningful and/or high negative return(s) are due to large realized and/or unrealized loss.
- 10 Not meaningful and/or high negative return(s) are due to the large negative appreciation and negative net investment income.
 - Return(s) stated as "N/M" are not meaningful due to contributions and/or distributions made in the first partial quarter. High negative return(s)
- 11 are due to large realized and/or unrealized loss.
- 12 Return(s) stated as "N/M" are not meaningful due to contributions and/or distributions made in the first partial quarter.
 - Return(s) stated as "N/M" are not meaningful due to posting of net investment income and/or appreciation relative to a small and/or negative
- 13 NAV.
- 14 Return(s) stated as "N/M" are not meaningful due to the occurrence of financial activity before CalPERS has made a contribution into the fund.
- 15 Not meaningful and/or high return(s) are due to the large realized and/or unrealized appreciation compared to the NAV.
- Returns are high due to large unrealized/realized appreciation. The "N/M" returns are due to negative net assets which may have occurred in a 16 prior quarter.
- The 1 year returns are high due to large realized and/or unrealized gains. Return(s) stated as "N/M" are not meaningful due to net investment 17 income and/or appreciation relative a to small and/or negative NAV.
- The current quarter and the 1 year returns are high due to large realized and/or unrealized gains. Return(s) stated as "N/M" are not meaningful 18 due to net investment income and/or appreciation relative to a small and/or negative NAV
- 19 Return(s) are high due to large net investment income.
- 20 High negative and/or not meaningful return(s) are due to large negative appreciation relative to weighted average equity.
- 21 Return(s) are not meaningful due to high realized and unrealized appreciation relative to a small NAV in fourth guarter 2003.
- 22 Legacy Partners recognized a significant loss/write-down in 1Q 2010 that represents both quarterly activity and adjustments for prior periods.

The Performance Monitoring Unit calculates the After Fee Internal Rate of Return (IRR) based on information provided in the Partnership financial statements (net capital contributed by quarter, Ending NAV). Refer to Appendix page V-3 for definition of IRR. The notation "N/M" indicates that the IRR cannot be calculated due to uneven cash flows, in cases of large losses (the terminal value/Ending NAV is significantly

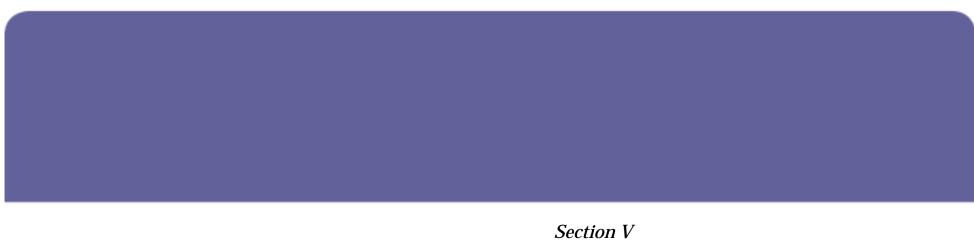
- 23 below the total net capital contributed), or when there are alternating positive and negative cash flows.
- 24 Negative investment management fee and/or negative incentive fee causes after fee return(s) to be higher than the before fee return(s).

 Return(s) stated as "N/M" are not meaningful due to the occurrence of financial activity before CalPERS has made a contribution into the fund.
- 25 Negative investment management fee and/or negative incentive fee causes after fee returns to be higher than the before fee returns.
- 26 After fee return(s) are not meaningful due to large management fee(s) relative to small NAV.

Return(s) stated as "N/M" are not meaningful due to large negative net investment income prior to December 2006 relative to weighted 27 average equity.

High negative and/or not meaningful return(s) are due to large negative net investment income relative to weighted average equity which may 28 have occurred in a prior period.

Not meaningful and/or high negative return(s) are due to the large negative appreciation and negative net investment income compared to the 29 NAV.



Section V
Appendix



Annualized – When returns for a period other than one year are put on an annual basis. For example, an individual quarter return would be annualized as follows:

$$[(1+Quarter Return)^4] - 1 = Annualized Return$$

Appreciation Return – Expressed as a percentage, the change in market value over the period of analysis. The appreciation return is computed as follows:

For assets which continue to be held, the appreciation is unrealized. When assets are sold, the appreciation is realized.

Capitalization Rate – Any rate used to convert income into value. Value conversion formula is as follows:

Net Operating Income/Capitalization Rate = Real Estate Value

Compounding – Returns are geometrically compounded on a quarterly basis. For example, the annual return for four quarters would be:

$$(1 + Q1)(1 + Q2)(1 + Q3)(1 + Q4) = (1 + Annual Return)$$

Credit Accommodation – The term generally refers to a guaranty executed by CalPERS whereby CalPERS agrees to pay the debt obligation of an entity, in the event the entity fails to pay the debt obligation. The entity will usually be a limited partnership or limited liability company, and will be majority-owned by CalPERS. The debt obligation that CalPERS guarantees will be evidenced by an extension of credit (e.g., loan, line of credit, or other for of credit facility) by a financial institution to the entity. The benefit provided to CalPERS is that the guaranty will tend to lower the borrowing cost for the entity and should, in turn, enhance the overall return to the real estate investment. Guarantees become a contingent liability on the CalPERS overall balance sheet and should be used only when they provide economic benefit. Credit accommodation differs from credit enhancement in that a credit accommodation is not rated and does not use CalPERS Credit Enhancement Program (CEP) rating (either implied or explicitly). In addition, Credit Accommodation is made for an entity in which CalPERS has an existing, or proposed, ownership interest. Credit enhancement is the use of CalPERS balance sheet, through the program rating, in which CalPERS has no initial ownership interest and where CalPERS receives explicit consideration for the enhancement.

Discount Rate – A yield rate used to convert future payments or receipts into present value.

Internal Rate of Return (IRR) – Dollar weighted rate of return that shows profitability as a percentage, showing the return on each dollar invested. IRR equates the present value of a partnership's estimated cash flows (CF) with the present value of the partnership's costs. After fees (AF) IRR is calculated after all expensed fees such as Asset Management, Disposition, Incentive Fees, etc. Please note, for CALPERS reporting purposes, it is assumed that Partnership Contributions (outflows from CALPERS) and Distributions (inflows into CALPERS) represent net amounts, after all fees have been accounted for.

IRR is the quarterly discount rate that makes the following relationship hold:

Present Value (inflows) = Present Value (investment costs)

IRR is computed as follows:

$$CF_0 + CF_1 / (1+IRR) + CF_2 / (1+IRR)_2 + CF_3 / (1+IRR)_3 ... CF_n / (1+IRR)_n = 0$$

Investment Fees – Generally include acquisition, asset management and disposition fees paid to third party firms. Acquisition and disposition fees are calculated on a per transaction basis and range from 0 to .85 percent and 0 to .60 percent, respectively, on a graduated scale. Asset management fees are based on asset value and range from .25 to .65 percent on a graduated scale.

J-Curve Effect – Refers to the shape of a plotted trend line depicting investment returns produced from the common practice of paying management fees and start-up costs out of the first draw on committed capital. As a result, a fund will initially show a negative return. When the first realizations are made, the fund returns start to rise steeply. After about three to five years, the interim return will give a reasonable indication of the definitive return.

Market Value – An opinion of value as of a certain date as stated by either the investment advisor or independent appraiser. Market value differs from amount funded or net investment in that the value includes unrealized potential gains or losses during the holding period.

Net Assets (Market Value) – Total assets minus liabilities based on market value.

Net Income Return – Expressed as a percentage, net income accrued divided by beginning net assets adjusted for time weighted contributions and distributions. The net income return is computed as follows:

Net Investment In come

Beginning Net Assets+Time-Weighted Contributions-Time-Weighted Distributions x100

Net Investment Income – The amount of net income that has accrued for the period, net of advisor fees.

Nominal Returns – Nominal returns are unadjusted for inflation.

Other Credits – (as shown on the Real Estate Continuity Schedule) - Comprised of foreign currency translation gain/loss, minority interest adjustments, and other comprehensive income.

Property Type – Eleven property type categories are used throughout the report. A property is placed into a category based on its primary use, unless otherwise designated as a mixed-use property.

Realized Gain or Loss – The gain or loss CalPERS realized from the disposition of a real estate asset. The computation is as follows:

Proceeds from Investments Sold – Cost of Investments Sold – Recognized Prior Period Appreciation on Investments = Realized Gain or Loss

Real Estate Investment Trust (REIT) – Similar to a mutual fund, a REIT is a corporation or trust that combines the capital of many investors to acquire or provide financing for all forms of real estate.

Real Estate Investment Value – The sum of components of real estate investments at fair value. REIV is computed as follows:

Real Returns – Nominal returns adjusted for inflation as follows:

The Consumer Price Index – Urban (CPI-U) is used for the inflation factor.

Time-Weighted Contributions – The amount of capital CalPERS contributes to a property/investment during a quarter adjusted for the amount of days left in the quarter at the time of the transaction. The computation is as follows:

Time-Weighted Distributions – The amount of cash received by CalPERS from a property/investment during the quarter adjusted for the amount of days left in the quarter at the time of the transaction. The computation is as follows:

(<u>Distrib.1 x Days to End of Quarter</u>) + (<u>Distrib.2 x Days to End of Quarter</u>) + (...)

Days in Quarter

Time-Weighted Return (Calculations) – Performance calculations do not include trailing activity related to sold assets before June 30, 2009. Trailing activity is included for assets assets sold after July 1, 2009.

Total Net Return – The sum of the net income return and the appreciation return.

Unrealized Gain or Loss – The change in market value of a real estate asset over the period of analysis adjusted for several factors. The computation is as follows:

Ending Real Estate Investment Value - Beginning Real Estate Investment Value - Capital Expenditures/New Acquisitions - Change in Joint Venture Costs - Mortgages Funded + Principal Payments Received + Cost of Assets Sold



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Supplemental Item

May 16, 2011

TO: MEMBERS OF THE INVESTMENT COMMITTEE

I. SUBJECT: Inflation Linked Asset Class

Quarterly Performance Report as of March 31, 2011

II. PROGRAM: Inflation Linked Asset Class

III. RECOMMENDATION: Information

IV. ANALYSIS:

The enclosed Inflation Linked Asset Class (ILAC) Performance Report for the quarter ending March 31, 2011, has been prepared by staff from the Performance Monitoring Unit. The one-year total return (as of March 31, 2011) for the ILAC was 11.3% after fees. The since inception return of the ILAC portfolio was 2.5% after fees.

V. STRATEGIC PLAN:

Goal VIII: Manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first, to pay benefits and second, to minimize and stabilize contributions.

VI. RESULTS/COSTS:

The data in the report has been gathered from sources the Performance Monitoring Unit believes to be reliable. This item provides information to the Investment Committee on the assets and performance of the fund.

> ALEJO GUTIERREZ Investment Officer Performance Monitoring Unit

Members of the Investment Committee May 16, 2011 Page 2 of 2

> ALOK JAIN Investment Officer Performance Monitoring Unit

> JON ROWLETTE Investment Officer Performance Monitoring Unit

> DANA WARMENHOVEN Investment Officer Performance Monitoring Unit

> PHIL HENDERSON Investment Officer Performance Monitoring Unit

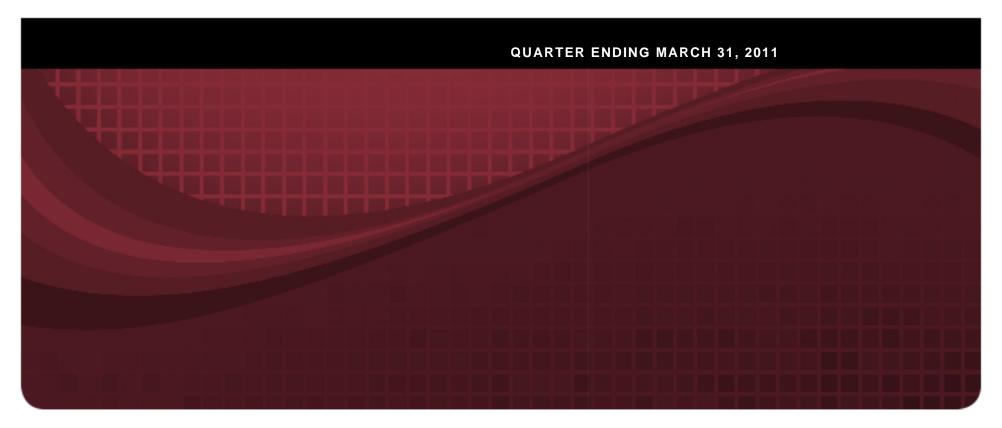
MATTHEW FLYNN
Division Chief
Operations, Performance & Technology

JANINE GUILLOT Chief Operating Investment Officer

JOSEPH A. DEAR
Chief Investment Officer

Inflation Linked Asset Class

Quarterly Performance Report



Inflation Linked Asset Class (ILAC) Quarterly Performance Report

Quarter Ending March 31, 2011

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Infrastructure Partners Performance Detail Net of Fees

Infrastructure Portfolio Diversification

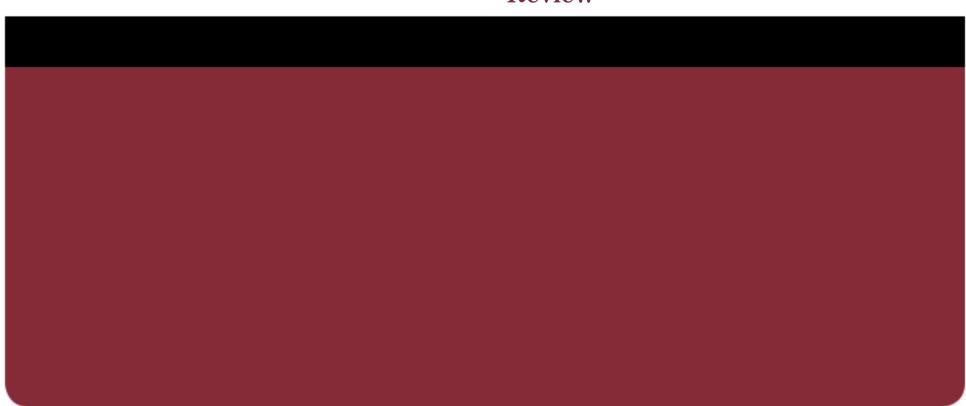
Forestland Partners Performance Detail Net of Fees

Forestland Portfolio Diversification

Section V: Appendix

Performance Measurement Glossary





Inflation Linked Asset Class Quarterly Performance Report Disclosure

CalPERS' Performance Monitoring Unit (PMU) compiles this Quarterly Performance Report (QPR) using financial information from two separate sources. For the Commodities and Inflation Linked Bonds portfolios, the PMU obtains the performance numbers from State Street Bank. For the Infrastructure and Forestland portfolios, the PMU utilizes financial information provided directly by the investment partners to calculate the performance numbers that are published in the QPR. For the Infrastructure and Forestland portfolios, CalPERS requires its investment partners to prepare and submit financial statements quarterly and to provide audited financial statements annually. CalPERS relies on the auditor's opinion regarding the financial statements. The QPR is updated to reflect the most current financial information provided by the investment partner.

The financial information for the Infrastructure and Forestland portfolios' performance lags one-quarter due to industry reporting cycles. For the Infrastructure and Forestland portfolios, each investment partner supplies its quarterly financial statements to CalPERS' Performance Monitoring Unit, for the prior quarter. The PMU reviews the financial statements and performs analytical procedures to ensure the financial reports, prepared by the partners, are consistent with prior periods and comparable with other similarly situated CalPERS investment partners. Such analytical procedures include comparisons of management and incentive fees, expenses, long-term debt, and return on equity.

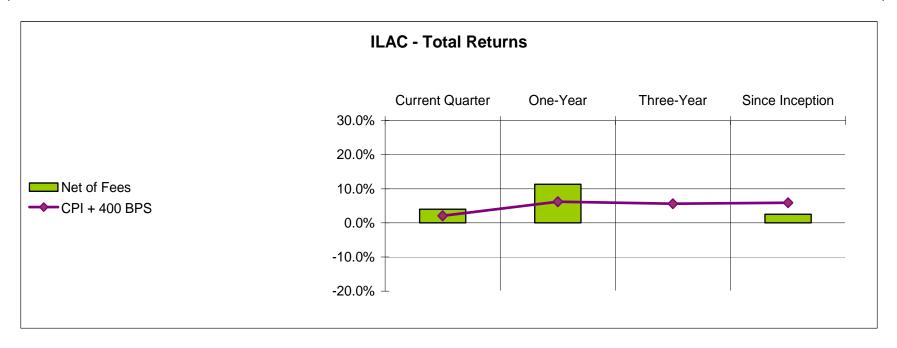
Report Disclosure

The financial data in the QPR is reviewed consistent with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Forestland portfolio assets are appraised using the same procedures as Real Estate assets. Independent real estate appraisal firms provide an unbiased and neutral opinion of asset value. All appraisals are completed in compliance with the Appraisal Institute's Uniform Standards of Professional Appraisal Practice.

Total Inflation Linked Asset Class (as of March 31, 2011)

Net Assets at Fair Market Value	\$8,013,616,939			
	Current Quarter	One-Year	Three-Year	Since Inception
Total				
Net of Fees	4.0%	11.3%	0.0%	2.5%
Benchmark				
CPI + 400 BPS	2.1%	6.2%	5.6%	5.9%
Difference Between Total ILAC Net of Fees and CPI				
+ 400 BPS*	1.9%	5.1%	-5.6%	-3.4%

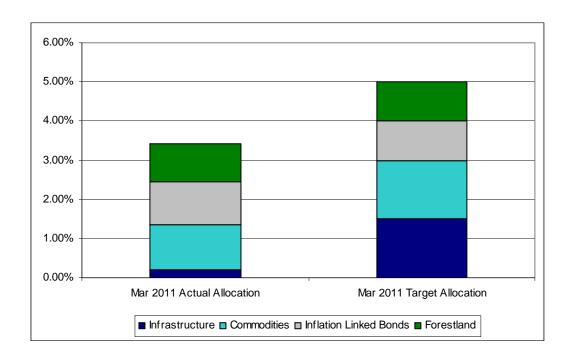


^{*} Percentage totals may not foot due to rounding.

Total Asset Class Performance Review

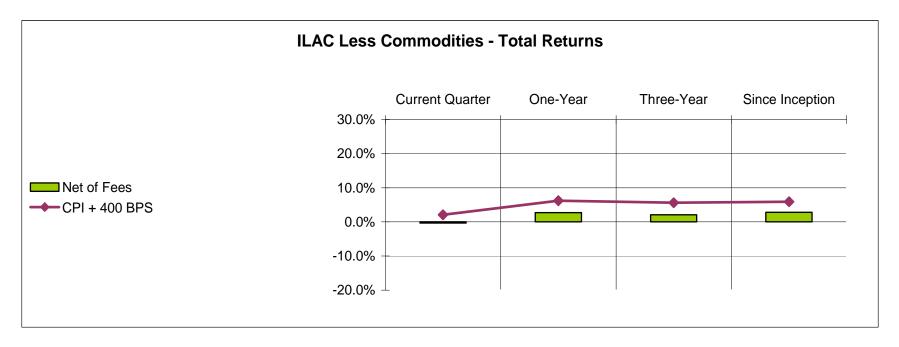
The one-year as of March 31, 2011 total return for ILAC was 11.3% net of fees. The nominal net of fee total return since inception was 2.5% as of March 31, 2011. ILAC outperformed its policy benchmark for the current quarter and the one-year returns.

Target Allocation of Total fund



Inflation Linked Asset Class Less Commodities (as of March 31, 2011)

Net Assets at Fair Market Value	\$5,352,457,124			
	Current Quarter	One-Year	Three-Year	Since Inception
Total				
Net of Fees	-0.3%	2.7%	2.1%	2.8%
Benchmark				
CPI + 400 BPS	2.1%	6.2%	5.6%	5.9%
Difference Between Total ILAC Less Commodities				
Net of Fees and CPI + 400 BPS*	-2.4%	-3.5%	-3.5%	-3.1%



^{*} Percentage totals may not foot due to rounding.

Section II Significant Events / Material **Exceptions to Policy for** Infrastructure and Forestland

Significant Events for Infrastructure and Forestland

Infrastructure

There were no significant events in the Infrastructure portfolio for this quarter.

Forestland

The Forestland changes in Net Asset Values result primarily from Unrealized gain/loss for Lincoln Timber Company's domestic portfolio which declined by -8.6% and the Sylvanus international portfolio which increased by 23.4%.

Material Exceptions to Policy for Infrastructure and Forestland

Infrastructure

OECD investments outside of the US have a NAV of \$279.2 million. This amount represents 59% of the NAV of the Infrastructure portfolio, which is above the 20-40% policy range. Note, however, the amount is only 8% of the Infrastructure Program asset allocation target. As the portfolio grows towards its allocation target, investment allocations within the portfolio are expected to move toward compliance with the policy range.

Value-Added investments have a NAV of \$171.9 million. This amount represents 36% of the NAV of the Infrastructure portfolio, which is below the 40-70% policy

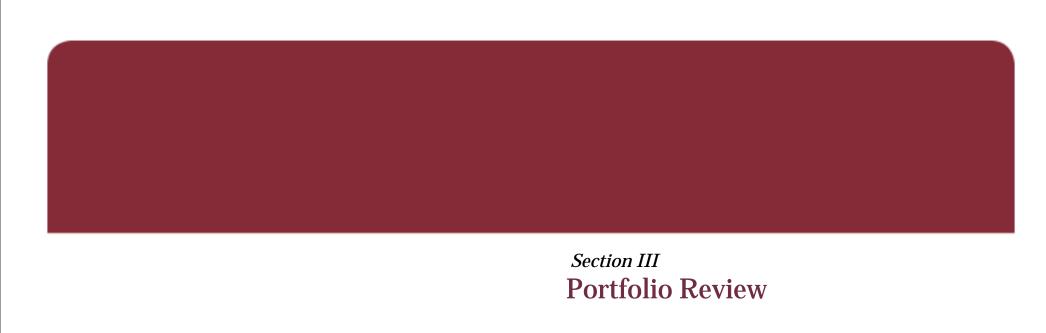
range. Note, however, the amount is 5% of the Infrastructure Program asset allocation target. As the portfolio grows towards its allocation target, investment allocations within the portfolio are expected to move toward compliance with the policy range.

Opportunistic investments have a NAV of \$124.2 million. This amount represents 26% of the NAV of the Infrastructure portfolio, which is above the 0-20% policy range. Note, however, the amount is only 4% of the Infrastructure Program asset allocation target. As the portfolio grows towards its allocation target, investment allocations within the portfolio are expected to move toward compliance with the policy range.

The \$300 million commitment to Alinda II represents 34% of our current commitments of \$870 million. This 34% is above the 25% limit of committed capital in any single investment in a partnership or fund. Note, however, the amount is only 9% of the Infrastructure Program asset allocation target. As the portfolio grows towards its allocation target, investment commitments within the portfolio are expected to move toward compliance with the policy limit.

Forestland

There were no material exceptions in the Forestland portfolio for this quarter.





Total Inflation Linked Asset Class Performance Detail by Sector For the Period Ending March 31, 2011

	Net Ass	sets at Fair Mar	ket Value		Total Nominal Returns					
	Inception Date	Amount	% of Portfolio	Current Quarter	One-Year	Three-Year	Since Inception			
Infrastructure* Internal Commodities	Oct-07 Oct-07	\$ 472,929,958 2,661,159,815	5.9% 33.2%	4.1% 12.3%	11.1% 23.6%	6.3% -11.8%	5.2% -5.4%			
Inflation Linked Bonds Forestland*	Apr-08 Oct-07	2,594,519,988 2,285,007,178	32.4% 28.5%	3.2% -3.6%	8.8% -2.4%	N/A 1.6%	2.8% 2.6%			
Total ILAC Net of Fees	Oct-07	\$8,013,616,939	100.0%	4.0%	11.3%	0.0%	2.5%			

^{*} Infrastructure and Forestland returns and Net Assets at Fair Market Value are lagged one quarter.

Infrastructure Performance* — The one-year total return for the Infrastructure sector was 11.1% net of fees as of March 31, 2011. The nominal net of fee total return since inception was 5.2% as of March 31, 2011. The Infrastructure sector outperformed the CPI + 500 BPS benchmark for the current quarter and the one-year periods.

Internal Commodities Performance — The one-year total return for the Internal Commodities sector was 23.6% net of fees as of March 31, 2011. The nominal net of fee total return since inception was -5.4% as of March 31, 2011. The Internal Commodities sector outperformed the GSCI Total return Daily benchmark for the current quarter, one-year, three-year, and since inception periods.

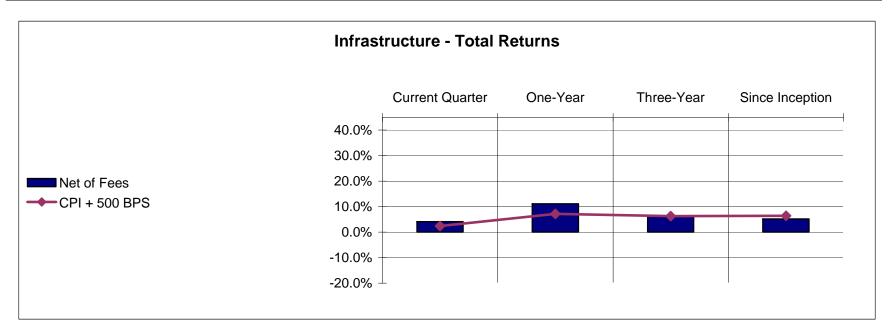
Inflation Linked Bonds Performance — The one-year total return for the Inflation Linked Bonds sector was 8.8% net of fees as of March 31, 2011. The nominal net of fee total return since inception was 2.8 % as of March 31, 2011. The Inflation Linked Bonds sector outperformed the Barclays Global Index Inflation-Linked Custom Country benchmark for the current quarter, and the one-year periods.

Forestland Performance* — The one-year total return for the Forestland sector was -2.4% net of fees as of March 31, 2011. The nominal net of fee total return since inception was 2.6% as of March 31, 2011. The Forestland sector underperformed the **CPI** + 500 BPS benchmark for the current quarter, one-year, three-year, and since inception periods.

*Infrastructure and Forestland returns and Net Assets at Fair Market Value are lagged one quarter.

Infrastructure (as of March 31, 2011) **

Net Assets at Fair Market Value	\$472,929,958			
	Current Quarter	One-Year	Three-Year	Since Inception
Total				
Net of Fees	4.1%	11.1%	6.3%	5.2%
Benchmark				
CPI + 500 BPS	2.4%	7.2%	6.3%	6.4%
Difference Between Total Infrastructure Net of Fees				
and CPI + 500 BPS*	1.7%	3.9%	0.0%	-1.2%

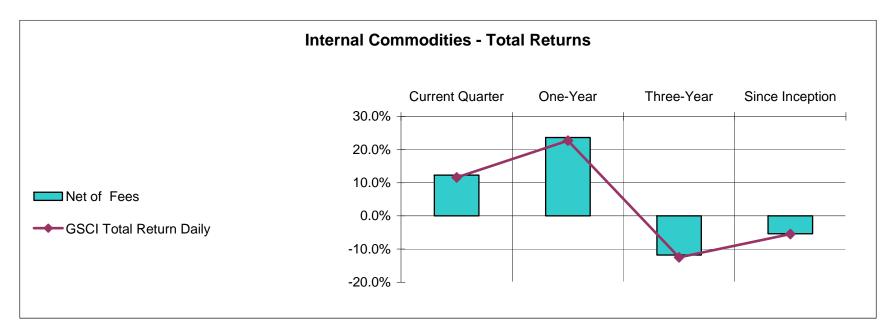


^{*} Percentage totals may not foot due to rounding.

^{**} Infrastructure returns and Net Assets at Fair Market Value are lagged one quarter.

Internal Commodities (as of March 31, 2011)

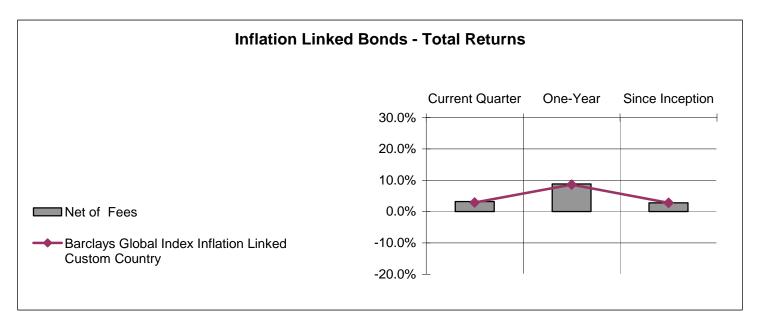
Net Assets at Fair Market Value	\$2,661,159,815			
	Current Quarter	One-Year	Three-Year	Since Inception
Total				
Net of Fees	12.3%	23.6%	-11.8%	-5.4%
Benchmark				
GSCI Total Return Daily	11.6%	22.7%	-12.5%	-5.5%
Difference Between Total Internal Commodities Net				
of Fees and GSCI Total Return Daily*	0.7%	0.9%	0.7%	0.1%



^{*} Percentage totals may not foot due to rounding.

Inflation Linked Bonds (as of March 31, 2011)

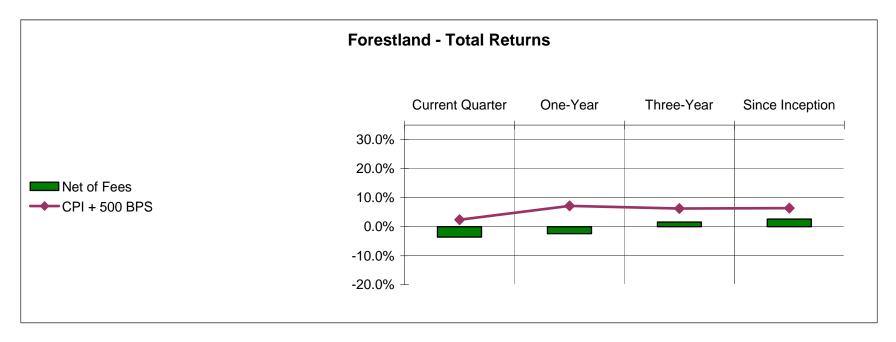
Net Assets at Fair Market Value	\$2,594,519,988		
	Current Quarter	One-Year	Since Inception
Total	Current Quarter	One-Year	Since inception
Net of Fees	3.2%	8.8%	2.8%
Benchmark			
Barclays Global Index Inflation Linked Custom			
Country	2.9%	8.6%	2.8%
Difference Between Total Inflation Linked Bonds Net of			
Fees and Barclays Global Index Inflation Linked			
Custom Country*	0.3%	0.2%	0.0%



^{*} Percentage totals may not foot due to rounding.

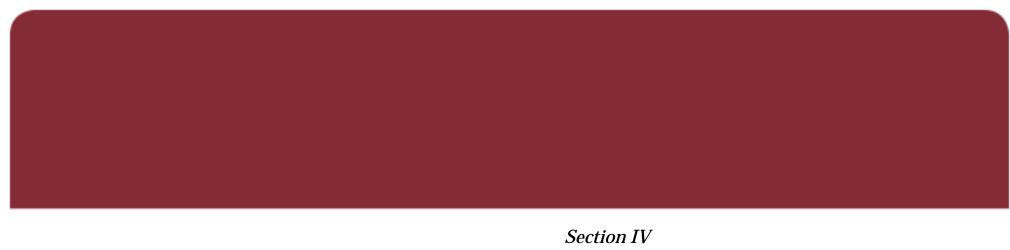
Forestland (as of March 31, 2011) **

Net Assets at Fair Market Value	\$2,285,007,178			
	Current Quarter	One-Year	Three-Year	Since Inception
Total				
Net of Fees	-3.6%	-2.4%	1.6%	2.6%
Benchmark				
CPI + 500 BPS	2.4%	7.2%	6.3%	6.4%
Difference Between Total Forestland Net of Fees and				
CPI + 500 BPS*	-6.0%	-9.6%	-4.7%	-3.8%



^{*} Percentage totals may not foot due to rounding.

^{**} Forestland returns and Net Assets at Fair Market Value are lagged one quarter.



Section IV
Portfolio Detail



Infrastructure Performance Detail by Partnership / Account (Net of Fees) For the period ending March 31, 2011 ¹									
	Net A	Net Assets at Fair Market Value <u>Total Nominal Returns Net of Fees²</u>							Net IRR ³
	Inception Date		Amount	% of Portfolio	Qtr	1-Yr	3-Yr	Since Inception	IRR
Infrastructure									
Alinda Infrastructure Fund I, L.P.	May-07		\$84,384,011	17.8%	-4.1 %	-3.9 %	-1.9 %	N/M	-2.1%
Alinda Infrastructure Fund II, L.P.	Sep-09		\$69,009,829	14.6%	11.0 %	12.2 %	N/AP	N/M	13.9%
CIM Infrastructure Fund	Aug-07		\$111,873,461	23.7%	-1.7 %	13.1 %	N/M	N/M	21.3%
Carlyle Infrastructure Partner LP	Apr-07		\$35,333,895	7.5%	13.2 %	16.7 %	-9.6 %	-13.6 %	-7.5%
Infrastructure Direct Investments ⁶	Jun-10		\$172,328,762	36.4%	8.5%	N/AP	N/AP	N/M	N/M^7
Total Infrastructure	Oct-07	\$	472,929,958	100.0%	4.1%	11.1%	6.3%	5.2%	

¹ Infrastructure and Forestland returns and Net Assets at Fair Market Value are lagged one quarter. Therefore, the March 31, 2011 returns represent returns as of December 31, 2010.

² The portfolio-level time weighted returns are calculated based on the October 1, 2007 Inflation Linked Asset Class (ILAC) inception date. The individual Infrastructure partnerships time weighted returns are calculated from their inception date.

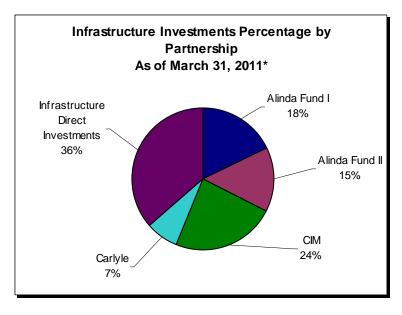
³ Internal Rates of Return (IRRs) are calculated from the since inception date of the partnership. The partnerships' since inception date may precede the ILAC inception date of October 1, 2007.

⁴ Return(s) stated as "N/M" are not meaningful due to contributions and/or distributions made in the first partial quarter.

⁵ Three-Year and Since Inception returns are "N/M" not meaningful due to negative net investment income relative to a negative NAV that occurred in a prior quarter.

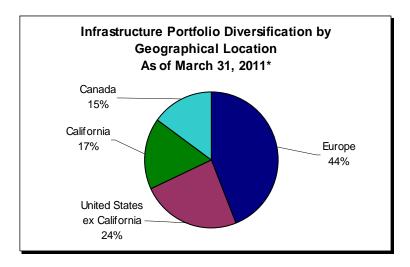
⁶ Net Asset Value and time-weighted returns include the impact of CALPERS foreign currency hedges on the underlying Infrastructure investments.

⁷ Since inception time-weighted returns and IRRs are not meaningful for investments with less than four quarters of activity.



<u>Infrastructure Portfolio Diversification</u>

The Net Assets at Fair Market Value of the Infrastructure portfolio can be broken out into the individual partnerships. Currently there are 5 partnerships in the Infrastructure portfolio with 41% of the investments located inside the United States. Investments in California total 17%. The charts show the Infrastructure portfolio composition, in percentage terms of Net Asset Value, by partnership and by geographical location. The Net Assets at Fair Market Value are lagged one quarter.



^{*}Infrastructure's Net Assets at Fair Market Value are lagged one quarter.

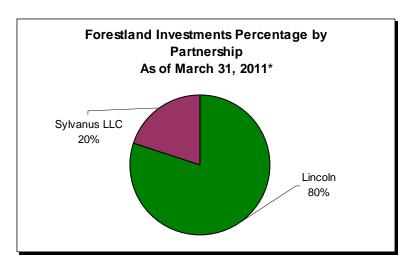
Forestland Performance Detail by Partnership / Account (Net of Fees) For the period ending March 31, 2011 ¹								
	Net Assets at Fair Market Value <u>Total Nominal Returns Net of Fees²</u>							Net IRR
	Inception Date	Amount	% of Portfolio	Qtr	1-Yr	3-Yr	Since Inception	IRR
Forestland								
Lincoln Timber Company (Campbell)	Oct-07	\$1,825,834,224	79.9%	-8.6 %	-8.0 %	-0.9 %	0.7 %	-0.3%
Sylvanus LLC (Global Forest Partners)	Oct-07	\$459,142,209	20.1%	23.4 %	28.9 %	15.1 %	17.5 %	N/M^3
Total Forestland	Oct-07	\$ 2,284,976,433	⁴ 100.0%	-3.6%	-2.4%	1.6%	2.6%	

¹ Infrastructure and Forestland returns and Net Assets at Fair Market Value are lagged one quarter. Therefore, the March 31, 2011 returns represent returns as of December 31, 2010.

² The Forestland partnership-level and all portfolio-level time weighted returns are calculated based on the October 1, 2007 Inflation Linked Asset Class (ILAC) inception date.

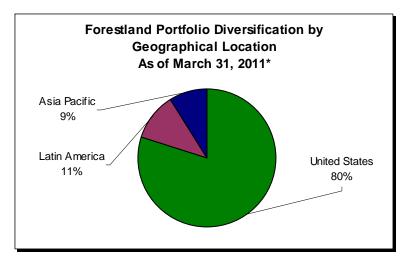
³ The IRR calculation is not meaningful because the Sylvanus partnership was transferred from the Real Estate Portfolio to the ILAC Portfolio on October 1, 2007.

⁴ Includes active partnerships only.

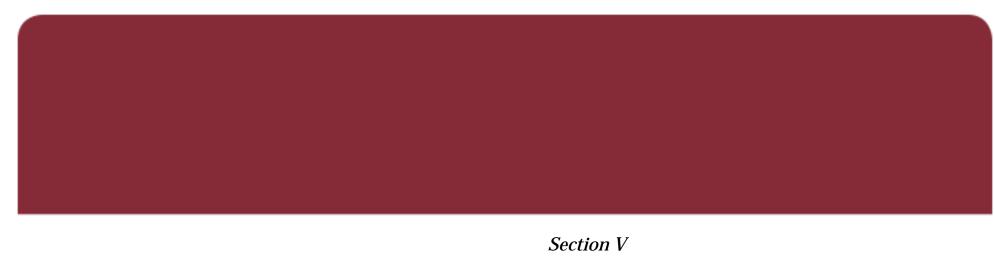


Forestland Portfolio Diversification

The Net Assets at Fair Market Value of the Forestland portfolio can be broken out into the individual partnerships. Currently there are 2 active partnerships in the Forestland portfolio with 80% of the investments located in the United States. None of the assets held by these partnerships are in California. The charts show the Forestland portfolio composition, in percentage terms of Net Asset Value, by partnership and by geographical location. The Net Assets at Fair Market Value are lagged one quarter.



*Forestland's Net Assets at Fair Market Value are lagged one quarter.



Section V Appendix



PERFORMANCE MEASUREMENT GLOSSARY

Annualized Time-Weighted Return – When returns for a period other than one year are put on an annual basis. For example, an individual quarter return would be annualized as follows:

[(1+Quarter Return)^4] – 1 = Annualized Return

Appreciation Component of Time-Weighted Return (Infrastructure and Forestland) – Expressed as a percentage, the change in market value over the period of analysis. The appreciation return is computed as follows:

Realized + Unrealized Gain or Loss

Beginning Net Assets +

Time-Weighted Contributions - Time-Weighted Distributions

For assets which continue to be held, the appreciation is unrealized. When assets are sold, the appreciation is realized.

X 100

Compounding (Linking) of Time-Weighted Returns – Returns are geometrically compounded (linked) on a quarterly basis. For example, the annual return for four quarters would be:

$$(1 + Q1)(1 + Q2)(1 + Q3)(1 + Q4) = (1 + Annual Return)$$

Internal Rate of Return (IRR) – Dollar weighted rate of return that shows profitability as a percentage, showing the return on each dollar invested. IRR equates the present value of a partnership's estimated cash flows (CF) with the present value of the partnership's costs. After fees (AF) IRR is calculated after all expensed fees such as Asset Management, Disposition, Incentive Fees, etc. Please note, for CALPERS reporting purposes, it is assumed that Partnership Contributions (outflows from CALPERS) and Distributions (inflows into CALPERS) represent net amounts, after all fees have been accounted for.

IRR is the quarterly discount rate that makes the following relationship hold:

Present Value (inflows) = Present Value (investment costs)

IRR is computed as follows:

$$CF0 + CF1 / (1+IRR) + CF2 / (1+IRR)2 + CF3 / (1+IRR)3 ... CFn / (1+IRR)n = 0$$

Investment Fees – Generally include acquisition, asset management and disposition fees paid to third party firms. Acquisition and disposition fees are calculated on a per transaction basis and range from 0 to .85 percent and 0 to .60 percent, respectively, on a graduated scale. Asset management fees are based on asset value and range from .25 to .65 percent on a graduated scale.

J-Curve Effect – Refers to the shape of a plotted trendline depicting investment returns produced from the common practice of paying management fees and start-up costs out of the first draw on committed capital. As a result, a fund will initially show a negative return. When the first realizations are made, the fund returns start to rise steeply. After about three to five years, the interim return will give a reasonable indication of the definitive return.

Market Value – The current listed price at which investors buy or sell securities at a given time.

Market Value (Infrastructure and Forestland) – An opinion of value as of a certain date as stated by either the investment advisor or independent appraiser. Market value differs from amount funded or net investment in that the value includes unrealized potential gains or losses during the holding period. Real Estate Market Value is synonymous with Net Assets at Fair Market Value (see below).

Net Assets at Fair Market Value – Total assets minus liabilities based on market value. See also Market Value (Infrastructure and Forestland).

Net Income Component of Time-Weighted Return – Expressed as a percentage, net income accrued divided by beginning net assets adjusted for time-weighted contributions and distributions. The net income return is computed as follows:

X 100

Net Investment Income – The amount of net income that has accrued for the period, net of advisor fees.

Nominal Returns – Nominal returns are unadjusted for inflation.

Real Returns - Nominal returns adjusted for inflation as follows:

$$\frac{1 + \text{Nominal Return}}{1 + \text{Inflation}} = 1 + \text{Real Return}$$

The Consumer Price Index – Urban (CPI-U) is used for the inflation factor.

Time-Weighted Contributions – The amount of capital CalPERS contributes to a property/investment during a quarter adjusted for the amount of days left in the quarter at the time of the transaction. The computation is as follows:

(Contrib.1 x Days to End of Quarter) + (Contrib.2 x Days to End of Quarter) + (...)

Days in Quarter

Time-Weighted Distributions – The amount of cash received by CalPERS from a property/investment during the quarter adjusted for the amount of days left in the quarter at the time of the transaction. The computation is as follows:

(Distrib.1 x Days to End of Quarter) + (Distrib.2 x Days to End of Quarter) + (...)

Days in Quarter

Time-Weighted Return (Commodities and Inflation Linked Bonds) – Also known as a Holding Period Return. It is calculated as follows:

TWR = Ending Market Value - Beginning Market Value - Net Cash Flow X 100

Beginning Market Value

Also see definitions for Annualized Time-Weighted Return and Compounding (Linking) of Time-Weighted Returns.

Time-Weighted Return (Infrastructure and Forestland) – The sum of the net income return and the appreciation return. It is calculated as follows:

TWR =

Realized + Unrealized Gain/Loss + Net Investment Income Gain/Loss X 100

Beginning Net Assets +Time-Weighted Contributions - Time-Weighted Distributions



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